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Latin America

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Daily Report
Latin America

FBIS-LAT-96-021 CONTENTS *31 January 1996*

CARIBBEAN

Cuba

Cuba's Castro on Liberalization, Ties With EU, Spain *[Barcelona LA VANGUARDIA 29 Jan]* 1
GRANMA on Attempt To Reach Cuba 'To Carry Out Sabotage' *[PRENSA LATINA]* 1
Cuba's Raul Castro: Worst Part of 'Special Period' Over *[PRENSA LATINA]* 2
Cuba Hosts Delegation of Latin Amerian Political Parties *[PRENSA LATINA]* 2
Cuban Commentary on 'Cordial' Ties With Canada *[Havana Radio]* 3
Cuban Program Discusses 'Political Naivete' *[Havana Radio]* 3
Cuban Politburo Member on Strategy Leading to Socialism *[Havana Radio]* 5
Cuban Party Official Calls For Systematic Work in 1996 *[Havana Radio]* 6
Cuban Television Holds Programming Meeting With UNICEF *[Havana TV]* 6
Cuban Agro-Industrial Complex Hosts Provincial Plenary *[Havana TV]* 6
Cuba's Raul Castro Congratulates Ciego de Avila Workers *[Havana Radio]* 7
Cuba's Raul Castro Praises Sancti Spiritus Achievements *[Havana TV]* 7
Meeting Examines 1995 Cuban Patriotic-Military Education *[Havana TV]* 8
Cuban Tax Office Spokesperson Remarks on Exemptions *[Havana Radio]* 9
Cuban Province Awarded for Military Preparation *[Havana TV]* 9
Cuba's Matanzas Holds Provincial Committee Plenum *[Havana TV]* 9
Meeting on Economic Impact of Cattle Rustling in Cuba *[Havana Radio]* 10
Report Views Repair of Transformers in Santiago de Cuba *[Havana TV]* 10
Cuban Institute Releases Report on Water, Sewer Systems *[Havana Radio]* 11
Cuban Official Links Increase in Prostitution to Tourism *[Madrid EFE]* 11
Cuban Editorial on 17th Workers Congress Thesis Debate *[Havana Radio]* 12
Conference on Cuban Sugarcane Workers' Effort in Harvest *[Havana TV]* 12
Roundup of Cuban Economic Developments Through 30 Jan *[Havana Radio, etc.]* 13

Haiti

Haiti's Foreign Minister Views Diplomatic Ties, FRAPH *[Port-au-Prince Radio]* 14
Haitian Radio on Possibility of Extension of UNMIH *[Port-au-Prince Radio]* 14
Haiti's Justice Minister Views National Budget *[Port-au-Prince Radio]* 15
Haitian Union Denounces Anti-Privatization Campaign *[Port-au-Prince Radio]* 15
Haitian Radio Reports on Gasoline Shortage *[Port-au-Prince Radio]* 15

MEXICO

Mexican Secretariat Views Transport Talks With U.S. *[NOTIMEX]* 16
Mexican Chamber of Deputies Criticizes U.S. Trade Bill *[NOTIMEX]* 16
Mexico's Zedillo Advocates Presidential Reform *[London FINANCIAL TIMES 31 Jan]* 17
Mexican President Meets Spanish Leaders in Madrid *[Mexico City Radio]* 18
Mexican President Cites Spanish Role in Free Trade Deal *[Madrid Radio]* 18
EFE, Mexico's NOTIMEX Sign Exchange Agreement *[NOTIMEX]* 19
Mexican President Speaks at Working Meeting in Spain *[Mexico City Radio]* 19
Mexico's Zedillo Meets With Catalonian Businessmen *[NOTIMEX]* 20
Zedillo Calls on Britain To Invest in Mexico *[London THE TIMES 30 Jan]* 21
Mexican Consumer Defense Official: Price Hikes Continue *[LA JORNADA 29 Jan]* 22

Roundup of Mexican Economic Developments Through 29 Jan *[NOTIMEX, etc.]* 22

CENTRAL AMERICA

Honduras

Honduran President Calls For Stronger Democracy *[Tegucigalpa Radio]* 25
Honduran National Assembly President Opens Legislature *[LA PRENSA 26 Jan]* 25
Honduran Official: Amnesty Decree Includes Military *[TIEMPO 26 Jan]* 26
Honduran Army Chief on Defending Fugitive Officers *[TIEMPO 26 Jan]* 26
Honduran Congress Swears In New Armed Forces Commander *[NOTIMEX]* 27

Nicaragua

Nicaraguan Students Hold Foreign Envoys Hostage *[Islamabad Radio]* 27
Nicaraguan Students Occupy Foreign Ministry, Negotiate *[NOTIMEX]* 28
Student-Held Hostages in Nicaragua Released *[Islamabad Radio]* 28
Nicaragua's Aleman Describes Motorcade Attack *[EL NUEVO DIARIO 26 Jan]* 29

SOUTH AMERICA

Argentina

U.S. Officials Discuss Alleged IBM Crimes in Argentinia *[NOTICIAS ARGENTINAS]* 30
Argentinian Ministry 'To Bar' Iranian Legal Action *[CLARIN 29 Jan]* 30
Argentina's Menem To Meet With 'Arafat in Switzerland *[NOTICIAS ARGENTINAS]* 30
Argentina's La Rioja, PRC Sign Contract on Equipment *[TELAM]* 31
IMF Approves Argentina's Economic Report, Loans *[CLARIN 27 Jan]* 31
Argentinian Cabinet Chief Reports on Pact With IMF *[NOTICIAS ARGENTINAS]* 32
Argentinian Former Secretary Views Economic Forecasts *[NOTICIAS ARGENTINAS]* 33
Argentina's Menem Lauds Economy Minister, Program *[TELAM]* 34
Argentina's Economy Minister Views Achievements, Issues *[TELAM]* 34
Argentina's PJ Seeks Explanation of 'Special Powers' *[CLARIN 25 Jan]* 35
Argentina's Corach Rejects 'Political Elements' in Case *[NOTICIAS ARGENTINAS]* 36

Bolivia

U.S. To Set Up Military Base in Bolivia's Chapare *[LOS TIEMPOS 21 Jan]* 37

Brazil

Brazil's Cardoso Views National Interests Abroad *[JORNAL DO BRASIL 19 Jan]* 37
Brazil Seeks Authorization To Shoot Down Illegal Planes *[O ESTADO DE SAO PAULO 26 Jan]* 38
Brazilian PRC-Built Satellite To Undergo Final Tests *[Rio de Janeiro TV]* 39
Participation of Brazilian Industry in Sivam Viewed *[FOLHA DE SAO PAULO 23 Jan]* 39
Brazilian Brigadier Rebuts Criticism of Sivam *[O ESTADO DE SAO PAULO 28 Jan]* 40
Brazilian Senator Sees Delays in Sivam Contract Vote *[AGENCIA ESTADO]* 42
Brazil's Sivam Priority Seen From Military Viewpoint *[FOLHA DE SAO PAULO 28 Jan]* 42
Brazil's Slowness in Calha Norte Project Viewed *[FOLHA DE SAO PAULO 28 Jan]* 43
Brazilian Military Experts View Amazon's Vulnerability *[FOLHA DE SAO PAULO 28 Jan]* . 43
'Bureaucratic Rivalry' of Brazil's Armed Forces Viewed *[FOLHA DE SAO PAULO 28 Jan]* . 44
Roundup of Brazilian Economic Reports Through 26 Jan *[GAZETA MERCANTIL, etc.]* 45

Chile

PRC Vice Premier Meets Chilean President, Officials *[Santiago TV]* 46

Chile's Progress in Talks With EU, Canada Announced *[Santiago TV]* 46
Chile's Insulza on 'Timetable' for Negotiations With EU *[EL MERCURIO 30 Jan]* 47
Chilean Committee Approves Human Rights Bill Amendment *[EL MERCURIO 24 Jan]* 47
Chile's Frei Urges Responsibility in Social Pacts *[EL MERCURIO 26 Jan]* 47
Chilean Document on 'Deficiencies' in Antipoverty Fight *[EL MERCURIO 21 Jan]* 48
Minister: 'Danger' Antipoverty Goals May Not Be Met *[EL MERCURIO 27 Jan]* 49
Chilean Commentary on Minister's Presidential 'Chances' *[LA TERCERA DE LA HORA 21 Jan]* 49

Colombia

Colombia's Samper To Request New Accusations Committee *[Santa Fe de Bogota TV]* 51
Colombia's President Extends State of Disturbance *[NOTIMEX]* 52
Colombian President Opens Special Session of Congress *[Santa Fe de Bogota Radio]* 52
Colombian President Reiterates Decision Not To Resign *[Santa Fe de Bogota TV]* 56
Colombian 'Extraditables': Samper Received Drug Funds *[EL TIEMPO 30 Jan]* 56
Columbia's 'Extraditables' Drug Group Offers Help *[Madrid EFE]* 57
Colombian Police Uncover Assassination Plot *[Santa Fe de Bogota TV]* 58
Colombia's ELN Said To Issue Death Threats *[Santa Fe de Bogota Radio]* 58
Colombian Report Views Military Ties With Samper *[Santa Fe de Bogota TV]* 58
Colombian Executive Appoints Foreign Trade Minister *[Santa Fe de Bogota TV]* 59
Colombian Senator 'Determined' To Tell Truth *[Santa Fe de Bogota TV]* 59
Colombian Senator Arrested, Says Samper Received Funds *[Santa Fe de Bogota TV]* 61
Colombian Senators React to President Samper's Speech *[Santa Fe de Bogota TV]* 61
Colombian Congress President on Crisis *[Santa Fe de Bogota Radio]* 62
Colombian Conservative Party President Interviewed *[Santa Fe de Bogota Radio]* 64
Colombia's Liberal Party Official Views Crisis *[Santa Fe de Bogota Radio]* 66
Colombian Congressmen View Samper Speech *[Santa Fe de Bogota TV]* 67
Colombians Demonstrate in Capital for, Against Samper *[Santa Fe de Bogota TV]* 68
Colombia's Antioquia Producers View Crisis *[Santa Fe de Bogota TV]* 68
Colombian Political Crisis Aggravates Oil Prospects *[Santa Fe de Bogota TV]* 69
Colombia: Caution Urged in Managing Economy *[EL TIEMPO 29 Jan]* 69

Ecuador

Ecuadoran Deputies Said To Receive Discretionary Funds *[Madrid EFE]* 70
Ecuadorans Accused of Using Discretionary Funds *[Madrid EFE]* 70
Ecuadoran Court Lifts 'Secret' Status of Bank Data *[Madrid EFE]* 71
Ecuadoran Commander: Peace With Peru Only Alternative *[Madrid EFE]* 72
Ecuador's President Announces Energy Measures *[Quito Radio]* 72
Ecuador: Current Dialogue With Peru Analyzed *[EXPRESO 19 Jan]* 74
Ecuador: General Ortega Confirms Kfirs Cost $13 Million *[EXPRESO 15 Jan]* 75

Paraguay

Brazil Seeks Paraguay's Cooperation Against Crime *[ULTIMA HORA 30 Jan]* 75

Peru

Membership of Peru's Privatization Commission Reorganized *[LA REPUBLICA 18 Jan]* 75
Mexican Official: Petroperu Privatization Irreversible *[Lima TV]* 75

Venezuela

Venezuelan Foreign Minister on Colombian Situation *[EL UNIVERSAL 26 Jan]* 76

Venezuelan Invitation to Castro Incites Controversy *[EL UNIVERSAL 26 Jan]* 77
WTO Issues Report on Venezuela's Trade Policy *[EL NACIONAL 26 Jan]* 77
Venezuelan Congress To Begin Session To Approve Tax Laws *[REPORTE DIARIO DE LA ECONOMIA 22 Jan]* 78
IMF To Support Venezuelan Congress During Tax Discussion *[Caracas TV]* 79
Venezuelan Congress President Opens Special Sessions *[Caracas Radio]* 79
Venezuela's Caldera Installs Special Congress Sessions *[Caracas Radio]* 80
Venezuelan Protection Fund Unable To Repay Depositors *[Caracas TV]* 82
Venezuelan Bank To Seek Advice From IMF *[Caracas TV]* 82
Venezuelan Business, Government Figures on Minimum Wage *[Caracas TV]* 83
Venezuelan Commerce Official on Gas Price Hike *[Caracas TV]* 83
Venezuelan Decree 'Critically Affects' Products *[Caracas TV]* 83
Venezuelan Army Controls Cumana Following Disturbances *[EL NACIONAL 24 Jan]* 84

Cuba

Cuba's Castro on Liberalization, Ties With EU, Spain

BR3001151596 Barcelona LA VANGUARDIA (REVISTA Supplement) in Spanish 29 Jan 96 p 3

[Interview with President Fidel Castro by Montserrat Ponsa in Havana; date not given: "Spain Needs a Man Like Gonzalez To Make Country Prosper"]

[FBIS Translated Text] [Ponsa] You have recently met in Havana and also in the United States with emigrants and exiles. How did this dialogue go?

[Castro] Both those from before the revolution and those who left recently are interested in an end to the blockade. Then the rest will come.

[Ponsa] What is Cuba's future?

[Castro] Without any doubt, it is marked by economic development and social policy, which is tantamount to equality of resources for everybody. The problem of unequal development in any country is serious. Otherwise, look at what is happening in Yugoslavia. It is not strange that in China they are struggling to ensure that everybody has the same opportunities.

[Ponsa] Can the recent liberalization measures be attributed to signs of your government's weakness?

[Castro] The measures were meticulously studied to ensure that they are beneficial to our people, who, as you will have noted since your past visit two years ago, shine in their imagination: Small stores, exchange bureaus, places to eat — "paladares" they call them — ice cream parlors. In charge of everything there is a crucial man, historian Eusebio Leal, capable of nationalizing the hardware stores [socializar la quincalleria]. The profits from these measures are earmarked for three purposes: For refurbishment work, especially in the old part of Havana; for social work; and one-third which should come to the state, but...it has not yet come. Leal has organized brotherhoods and guilds, as was customary in the Middle Ages, with vocational and handicraft schools, as when there were no machines.

[Ponsa] What are your relations with the European Union like?

[Castro] They are good. Because of my exclusion from some of the meetings held in the United States, the nonaligned ambassadors wish to protest to the United Nations. In any event, I believe that it is necessary to arouse the sense of shame of the European peoples, who spend their money on arms and wars.

[Ponsa] What is your opinion of the Spanish Government? How are your relations with Felipe Gonzalez going? (He looked at me mischievously whenever I asked him about Spain in this or some other connection. Only after many hours did I get him to say what follows.)

[Castro] Gonzalez seems to be having a hard time with [opposition leader] Aznar. If it were [former Popular Alliance leader] Fraga, at least... Tell Felipe that he must run again; that he should not give up. In politics, you have to take the rough with the smooth. There are a few months to go, and the people are wise. Spain needs a strong man like him to make the country prosper, and Europe needs an intelligent politician. Ask him not to disappoint us. Nobody has his charisma and ability to make your people prosper.

[Ponsa] Human rights...

[Castro] Human rights are incompatible with the very tough thing I was taught about everlasting hell. Can you imagine life imprisonment in hell? I believe in ethics.

[Ponsa] Torture...

[Castro] There is no torture in Cuba. The prisoners know it.

[Ponsa] I heard you say that you believe that heaven exists.

[Castro] I am certain that I will go to heaven since I sought it fruitlessly here on Earth and did not find it. I would like it to exist.

[Ponsa] And eternity.

[Castro] You can believe in it for a few seconds...

GRANMA on Attempt To Reach Cuba 'To Carry Out Sabotage'

PA2601152996 Havana PRENSA LATINA in Spanish 1718 GMT 24 Jan 96

[FBIS Translated Text] Havana, 24 Jan (PL) — According to official sources in Havana, the cancellation of the trial against three people who tried to enter Cuba from the United States to carry out sabotage activities contradicts the U.S. policy toward Cuba.

According to GRANMA, this observation is based on the contrast between "the logical and professional handling" of the situation by the FBI — which seized the weapons in the hands of the transgressors of Cuban origin — and the "illogical decision" of the prosecutor's office in Los Angeles.

Commentator Nicanor Leon Cotayo said that it was a dirty political maneuver, probably financed by the Miami-based Cuba-American National Foundation or supported by the U.S. extreme right.

Leon Cotayo recalled that the Cuban factions have "planted" three of their members in the House of Representatives, where they have joined in an alliance with important legislators of the extreme-right, for example, Jesse Helms and Dan Burton.

According to the police report, the arrested men bought a vessel in Mississippi and collected several weapons, including assault rifles and grenade launchers, to carry out their vicious activities.

Yesterday, another five terrorists were arrested in a ship carrying weapons and explosives to Cuba. The note concluded that the groups of Cuban origin residing in the United States and supported by the Miami "extreme-right" and Congress have not renounced the use of violence.

Cuba's Raul Castro: Worst Part of 'Special Period' Over

PA2601131596 Havana PRENSA LATINA in Spanish 1332 GMT 23 Jan 96

[FBIS Translated Text] Havana, 23 Jan (PL) — Cuban First Vice President General Raul Castro Ruiz assured the country that "the arduous beginning of the special period" (an economic recession which began in 1990) is over, and "a small light at the end of the tunnel" can be seen.

Castro, who is also the Revolutionary Armed Forces minister, made these comments to the media last night, following a national activity to honor the invasion by the army of liberation led by Antonio Maceo a century ago, which crossed the island to Pinar del Rio Province, the country's farthest region in the west.

In the ceremony held in Mantua where the historic military campaign ended, Raul Castro said that overcoming the current difficulties "will depend on our (Cuban's) efforts, labor, steadfastness, and unity, which we must maintain at all times."

Likewise, he stressed the similarity between the last years of the 19th century and the present, "since they have been periods in which the nation has had to struggle very hard for national independence and dignity."

Earlier, Division General Ulises Rosales del Toro said that the 100 years since the invasion have not diminished the importance of the most brilliant arms exploit of the past century "as fruit of Antonio Maceo's and General Maximo Gomez' firm ideals of independence."

Rosales said that the event being commemorated is a lesson for all patriots and the heart of the current war doctrines of every nation (a strategy that combines conventional and nonconventional warfare to face foreign threats).

As part of the commemorative event, in which leaders of the Union of Young Communists participated, a column of distinguished young men, who imitated the cavalcade of the Mambises (army of independence) that ended in January 1896, was received.

Cuba Hosts Delegation of Latin Amerian Political Parties

PA2601131796 Havana PRENSA LATINA in Spanish 2212 GMT 24 Jan 96

[FBIS Translated Text] Havana, 24 Jan (PL) — A delegation from the Permanent Conference of Latin American Political Parties (Copppal), headed by Mexican Maria Emilia Farias, the group's executive secretary, arrived today in Cuba to carry out an official and working visit.

At the Havana airport, Farias stated that the mission plans to improve links with the Communist Party of Cuba, thus implementing an agreement adopted by that group's general coordination on 12 December.

Farias affirmed that "the interest was sparked by a series of discussions and debates by the member parties of our organization on Cuba's regional importance and the desire to build bridges that will allow it to join in the medium-term."

The Copppal delegation, an entity that groups 45 political factions from 23 Latin American states, is also comprised of General Coordinator Alejandra Latapi, also from Mexico, Assistant Ruben Montedonico, from Uruguay, and Fernando Martin, the personal representative of Copppal's vice president, from Puerto Rico.

Assistant Executive Secretary Guillermo Zavala, from Chile, is expected to arrive in Cuba today.

Farias and her delegation are interested in holding immediate conversations with PCC officials and are scheduled to meet with different personalities from Cuba's political, cultural, parliamentary, and economic life.

The delegation will be received this afternoon by PCC Politburo member Jose Ramon Balaguer and by Jose Arbesu. The former is the chief, and the latter is the vice chief, of the Central Committee's International Relations Department.

The Copppal officials will remain in Havana until 26 January. During this time, they will also meet with Foreign Minister Roberto Robaina, Ricardo Alarcon, president of the National Assembly of the People's

Government, and Abel Prieto, president of the National Union of Cuban Writers and Artists. They are all Politburo members as well.

The program includes a meeting with Cuban researchers Luis Suarez and Julio Carranza, director and assistant director, respectively, of the Center for American Studies.

Cuban Commentary on 'Cordial' Ties With Canada

PA2701172796 Havana Radio Havana Cuba in Spanish 0000 GMT 23 Jan 96

[Commentary from the "Evening Information Review" newscast]

[FBIS Translated Text] The Canadian Government has always had cordial relations with the Cuban Government, a situation which has been the rule since the triumph of the Cuban Revolution in 1959. The Canadian Government has never supported the economic blockade imposed on Cuba by the United States 34 years ago in an attempt to punish the independent and sovereign attitude of the revolutionary Cubans.

During the first years of the revolution, economic relations between Canada and Cuba registered a rather discreet level, as was the case for a long time, but the economic exchange between the two countries in recent years has increased, and numerous Canadian companies have launched major operations on Cuban territory. One such business is linked to the Cuban mining sector, one of Cuba's key export sectors. Major Canadian companies have set up fruitful joint ventures with the Cuban state to export nickel. Cuba has nickel fields that rank among the world's tops.

The United States controlled the Cuban nickel industry for many years and realized large profits, of which Cuba received a very small percentage. As foreign companies were nationalized in Cuba following the triumph of the revolution, the U.S. companies that operated the nickel fields in Moa, eastern Cuba, left with all their means, including the industry's technical documents, the specialists, and everything that could have been useful to operate the processing plants in general. They thought Cubans would be incapable of operating the nickel industry on our own. How mistaken they were! Establishing associations with the former Eastern Europe socialist countries, the Cuban nickel plants continued operating until the collapse of the Soviet Union and the socialist bloc. Then, the Cuban Government began to develop its economic relations in the face of the U.S. economic blockade and opened the domestic economy to foreign investment. The volume of Canadian investments in Cuba began to increase within this context, particularly in the nickel and energy sectors. These relations, based on mutual respect and benefit, have evolved normally and within the framework of ample development prospects.

Washington disapproved of these relations, and blockade related legislation contains current and prospective provisions that even include penalties against those countries that maintain economic relations with the Cuban Government.

The Canadian Government has decided in recent days to adopt strong measures to defend its sovereign right against the contemptuous U.S. meddling. With a categorical public statement rejecting the U.S. measures aimed at restricting Cuba-Canada trade, the Canadian Government decreed the imposition of fines and prison sentences on those directors and managers of U.S. companies operating in Canada that attempt to implement U.S. legislation to enforce the blockade.

The Canadian Government's very attitude is the only appropriate answer to Washington's meddling policy. These measures by the Ottawa government set a sound precedent in international relations and constitute a good example of the sovereign determination and national independence every country must defend above all.

Cuban Program Discusses 'Political Naivete'

PA2601161796 Havana Radio Rebelde Network in Spanish 1700 GMT 22 Jan 96

["Straight Talk" program with Osvaldo Rodriguez and Renato Recio and Eloy Concepcion of the daily TRABAJADORES]

[FBIS Translated Text] [Rodriguez] What is the meaning of political naivete?

[Recio] Following the, quote, unquote, end of the Cold War....

[Rodriguez, interrupting] It is still on.

[Recio] I said quote and unquote, because the world is not bipolar anymore. The characteristics of any war today are very different from five or 10 years ago. New political structures have been introduced now that the world's structure has stopped being bipolar and the Cold War has presumably ended. I believe these political structures tend to be naive sometimes in a sincere manner and in a deliberate manner in other occasions.

[Rodriguez] So, the attitude ceases to be naive.

[Recio] It seems to be naive, but it is not.

[Rodriguez] That type of attitude has a name in Cuba, but I will not say it. I believe it is deliberate.

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[Rodriguez] So, the attitude ceases to be naive.

[Recio] It seems to be naive, but it is not.

[Rodriguez] That type of attitude has a name in Cuba, but I will not say it. I believe it is deliberate.

[Concepcion] This is done through many subtle ways that often include the family. I mean, there are ways to exalt and to exaggerate the U.S. lifestyle; that is, a family member tells his relatives in Cuba that he is doing fine, he sends a photograph of his car, which is much in line with the U.S. lifestyle, which is different from the hard situation we are experiencing.

[Recio] We are talking about Cuba, because Cuba is in the spotlight today. I am not talking from a nationalistic or chauvinistic point of view.

[Concepcion] Besides, when we say political naivete, we are not referring to our internal policies. We are talking about our foreign policy or the policy of other countries toward us.

[Recio] I believe the two tendencies are present. There are our internal problems, which could indicate political naivete. There is the other extreme; that is, to believe the world has not changed, and no new circumstances have triggered the need to change our domestic policy. There are people who think the world has not changed. There are others who want to live as they did 10 years ago. This is also a case of naivete I believe could be discussed in another program.

I would like to mention an example of naivete that is very popular. It is fashionable today for people to wear scarves, shorts imprinted with the U.S. flag.

[Rodriguez] We had already discussed that issue with Bladia Rubio.

[Recio] In the majority of the cases, I do not believe that is an example of political naivete. That fashion has not arrived in Cuba by chance, I am certain. I see many young people who would have a very dim future in a capitalist country, because of their origins, race, social level, wearing a handkerchief with the U.S. flag.

[Rodriguez] There is another situation that is an example of political naivete combined with mischievous behavior. People who, thanks to the revolution and the purchasing power of the revolution, work at foreign, diverse businesses or in the management of goods and services often show off; in other words, some people have shown their skin-deep, capitalist spirit. I believe that has much to do with political naivete as well as with other factors in society dealing with requirement controls and responsibility. These factors are clashing with the people at present due to the country's situation, the lack of goods and services. The people, for example, are witnessing the misuse of cars, vehicles, and certain comrades, as Renato mentioned, are also showing off what is not theirs but, rather, the country's and the people's.

[Rodriguez] What about those who are establishing grocery stores, state owned I mean, in right in front of the workers, who are the true heroes at present fighting the virtues of capitalism? They have established these grocery stores in the middle of the street or in the front entrance to a hotel, mainly in the Vedado area. We have criticized this situation before. We have also mentioned the case of a mother who has said at the Havana zoo [words indistinct] the problem is that they took away the benches and left it as it was before—ugly, as if saying when the case involves foreign currency it is beautiful but not when we are dealing with our national money. I believe this is deliberate.

[Recio] I cannot say whether it is a deliberate situation, but I can say there is a lack of sensibility that sometimes has to do with an inability or immaturity to understand the people's interests.

I believe we should discuss the remedy for political naivete or the mechanisms in our society to fight the consequences of a politically naive attitude, which can be unintentional but, nevertheless, naive.

[Rodriguez] We are against any political naivete.

[Concepcion] Renato mentioned the mechanisms. The clue is to strengthen the party, the state, the worker's role to make certain naive political leaders understand that this is a society of workers. This remedy is the best one for those deviations that are sometimes the result of naiveness or for the lack of sensibility.

Cuban Politburo Member on Strategy Leading to Socialism

PA2601170996 Havana Radio Rebelde Network in Spanish 1800 GMT 16 Jan 96

[From the "National Radio News" newscast — passages within quotation marks are recorded]

[FBIS Translated Text] With the onset of the first day of discussions on the thesis for the Cuban Workers Federation [CTC] Congress in work centers nationwide, the debates are demonstrating the depth with which the workers are tackling the various subjects comprised in the CTC thesis, a good example of which is the debates that took place in La Corona Tobacco Factory, the first in the country to hold such debates.

[First unidentified speaker] "We believe we will move ahead with everything being done, and we trust our party and know, as comrade Ross has said, it is important to define our position and to analyze at every instance what we must do to move ahead."

Barely a few hours ago, during one of the meetings summoned by the Cuban union movement, Esteban

Lazo, Politburo member and first secretary of the Party in Havana, replied in this manner:

[Lazo] That is the key; that is the key of our strategy, which leads to socialism. Our strategy leads to the preservation of property and workers' welfare, first of all."

Lazo added that even though there are still difficulties ahead, no one doubts our option cannot be neoliberalism:

[Lazo] If we were to privatize everything in our country, from where would the monies come for education, health, social security, culture, sports? From where?"

Assemblies on the thesis debate will continue across Cuba today. The key at every work center will continue to be the detailed analysis of the thesis and the plan for the economy for 1996.

Cuban Party Official Calls For Systematic Work in 1996

PA2701041696 Havana Radio Rebelde Network in Spanish 1255 GMT 22 Jan 96

[From the "Doing Radio" program]

[FBIS Translated Text] The usual missions await the Committees for the Defense of the Revolution [CDR] during 1996. They should undertake them, in view of Cuba's new economic conditions, with a political and ideological attitude that will allow them to cope with the subtle confrontation of ideas that the Revolution is waging against socialism's enemies. (Antonio de la Hiel Herrera), CDR coordinator in Havana City Province, made the following statements exclusively for "Doing Radio."

[Begin (Hiel) recording] Yes, you have mentioned an important issue. I think political and ideological work must be much more systematic. Much more systematic and with an important element; it must be done on a man-to-man level. Today, action cannot be taken at meetings, assemblies, or in collective analysis. We must evaluate it with each member, in accordance with the peculiarities that exist within his family and in accordance with the tasks we want him to perform. We must also radically change the organization's work strategies. From that point on, undoubtedly, there will be localized answers. As you said, they will be brought about by the intense movement — the improvement of our economy — in certain sectors, in which our organization can join in.

For example, there are places where we need our members to support [words indistinct]. There are possibilities for helping comrades who work in our neighborhoods. Furthermore, solutions can be found locally; for example in San Agustin, where results can already be seen. Today, there are places where the most pressing need is to quickly construct homes.

We here in Havana City have set a very ambitious goal for ourselves this year. The organization will have to play a key role, supporting the construction of those homes.

I think there are other important aspects, such as supporting education. The organization must play a key role in this area. Unquestionably, any actions we may take and any results we may obtain will only be obtained through more support and action from the population and our members in particular. However, all of these actions must always be aimed at our grass root vanguard members, who today play the fundamental role. [end recording]

Cuban Television Holds Programming Meeting With UNICEF

PA2701043096 Havana Tele Rebelde and Cubavision Networks in Spanish 0100 GMT 23 Jan 96

[From the "NTV" newscast]

[FBIS Translated Text] In a meeting convened by UNICEF and Cuban Television, television personnel meet today to conduct an exchange on the treatment that educational community messages should be given in diverse television slots.

Tania Elisea, head of children's programming, stressed that the goal is to use every possible opportunity and make the educational messages an active part of every program.

The moving television spots, which are broadcast on prime time and move us to meditate on the best way to live and bring up our children, were described as esthetically worthy, clear in content, and useful.

Likewise, Luis Zuniga, director of the regional UNICEF office in Cuba, praised the Cuban Radio and Television Institute's use of radio spots and pointed out that all this is possible because of the priority the Cuban state places on Cuba's children.

Cuban Agro-Industrial Complex Hosts Provincial Plenary

PA2601180996 Havana Tele Rebelde and Cubavision Networks in Spanish 0100 GMT 23 Jan 96

[From the "NTV" newscast]

[FBIS Translated Text] The provincial plenary of the Communist Party in Matanzas was held at the Fraga

Moreno Agroindustrial Complex. So far, 10 mills in Matanzas are grinding sugarcane, eight mills will start before the end of the month, and the last mill will begin during the first two weeks in February.

The Fraga Moreno Agroindustrial Complex had the honor of hosting the plenary due to its outstanding industrial and agricultural performance during the last 10 years. Participants of the plenary, which was presided by Politburo members Yadira Garcia and Maria de los Angeles Garcia, have discussed the educational situation in the province and the community's need to provide incentives to teachers, based on the notion that schools are very important to society. They also broached the need to find out the reason causing the exodus of teachers, because Matanzas has had 500 resignation requests during the current school term so far.

In addition, participants to the plenary have discussed the provincial and social and economic development projects and the political situation of the cadres. Regarding results of the work performed in 1995, it was announced that projects worth 830 million pesos were completed and that mercantile production grew 25 percent compared to 1994.

Cuba's Raul Castro Congratulates Ciego de Avila Workers

PA2601163196 Havana Radio Rebelde Network in Spanish 1800 GMT 22 Jan 96

[Report by Fernando Sanchez from the "National Radio News" newscast]

[FBIS Translated Text] [Station announcer Cesar Arredondo] General of the Army Raul Castro Ruz, second secretary of the Politburo of the Central Committee of the Communist Party of Cuba and FAR [Revolutionary Armed Forces] minister, has congratulated the workers of Ciego de Avila, because they broke the record last year by producing more than 3 million quintals of tubers and vegetables. Fernando Sanchez has the details.

[Sanchez] The words of praise uttered during the sixth CTC [Cuban Workers Federation] provincial meeting were meant in particular for the farm workers, peasants, cooperative members, and EJT [Youth Labor Army] fighters, the main ones responsible for this feat. In his message to the Ciego de Avila workers, Raul Castro also urged them to consolidate last year's success and to continue facing with equal determination the new tasks that may be entrusted upon them.

The province's agricultural yields in 1995 were the best in its history not just because of its record production of tubers and vegetables but also because of other achievements, such as the noticeable savings of resources and profits.

Regarding the CTC provincial meeting, the participants discussed at length the topic of the sugar harvest and requested a solution to the current difficulties on the matter of supplies, particularly those going to the cane cutters, and to work now so that the harvest does not have to be extended. In addition, the participants confirmed the validity of the basic cooperative production unit and were in favor of the concept that profits in these units should be the result of efficiency and not the high selling prices at the farmers market.

The CTC provincial meeting, chaired by Politburo members Pedro Ross, Jose Ramon Machado, and Alfredo Hondal, elected the new CTC secretariat members in Ciego de Avila and affirmed Elio Castillo Costa as secretary general. [end recording]

Cuba's Raul Castro Praises Sancti Spiritus Achievements

PA3001224396 Havana Tele Rebelde and Cubavision Networks in Spanish 0100 GMT 30 Jan 96

[Report by correspondent Marta Moreno on the address by Raul Castro Ruz, revolutionary armed forces (FAR) minister, opening Central Army defense exercises in Serafin Sanchez Park, Sancti Spiritus; date not given; Castro's remarks recorded; from the "NTV" newscast]

[FBIS Translated Text] [Castro] It is becoming tradition to open the Central Army's defense preparedness exercises on Jose Marti's birthday. It is the proper way to honor someone who quickly understood that after conquering the fatherland's liberty, the main guarantee to ensure independence and peace, especially in the case of small peoples, is knowing how to defend oneself from the enemies. Today, when the imperialists step up the economic blockade and the ideological warfare against our country, without ruling out other forms of aggression, we must remember these words spoken by Marti when he was preparing for what he called the necessary war: For me, there is no defeat; there is prudence, sacrifice, and martyrdom; never defeat.

[Moreno] The FAR minister recognized in his speech the Cuban people's effort over these years.

[Castro] We are winning thanks to our people's centenary tradition of unyielding spirit. It is the same spirit that made Major General Serafin Sanchez exclaim when mortally wounded: I am dying, but that's nothing; continue the march!

[Moreno] Raul noted the signs of advancement in Sancti Spiritus, especially in the production of tubers and vegetables, the sugar harvest, tobacco and rice production, and the positive results in aquaculture. He also noted Sancti Spiritus' positive results in defense tasks, as it took first place in the Central Army's interprovincial competition. Castro did note that a great effort needs to be made to ensure recovery of the livestock sector. When referring to the work of the Armed Forces, he said:

[Castro] We feel the intimate pride in knowing that the FAR are at the same level of our heroic and unselfish people, not only because of fulfilling the miracle — just as the commander in chief recently described it — of preserving the country's defensive capacity and consolidating the idea of a war involving all the people but also for its contribution to the country's economic effort.

[Moreno] He said that last year, the Central Army obtained the best results of the last three years. In addition to the regular troops, more than 1 million militiamen received the required knowledge and training. During the ceremony marking the start of the Central Army's annual defense exercises, homage was paid to Jose Marti, Antonio Maceo, and Serafin Sanchez. In addition, bonuses [estimulos] were given to vanguard workers in their daily tasks and to a group of units and exemplary fighters.

[Castro] General Antonio is a symbol of this homage to our heroes because no one like him has the qualities of the revolutionary leader and the unyielding spirit of the Cuban patriots of all times, the firmness of principles and faith in victory of those who have comprised each stage of the revolution — our only and invincible Army of all the people. Today's victory is the legitimate offspring of the unyielding spirit of the Baragua protest. This patriotic and unredeeming spirit is the main guarantee that we shall always continue to cry: In this unconquerable land, long live free Cuba! [crowd chants: Long live Cuba!] [appaluse]

Meeting Examines 1995 Cuban Patriotic-Military Education

PA2801202196 Havana Tele Rebelde and Cubavision Networks in Spanish 0100 GMT 20 Jan 96

[Report by Gloria Ugaz from the "NTV" newscast]

[FBIS Translated Text] Following are details on the work done in the area of patriotic-military, and internationalist education throughout 1995 that was examined on 19 January in the presence of Jose Ramon Balaguer Cabrera, a member of the Politburo. Representatives of political and mass organizations and unions [organismos centrales] involved in ideological work also participated in this analysis. The campaign of information and propaganda to promote the ceremony to mark the 35th anniversary of the Bay of Pigs victory was also launched.

[Ugaz] The efficiency of the political-ideological work carried out at schools, unions, and the community was discussed at this meeting as were the teaching-educational work to teach history and to give political, military training directed especially to the new generations.

A review of 1995 indicates that tasks were better conceived and with greater precision. Examples are the campaign for the centenary of the war of independence organized by Jose Marti, the commemoration of important events in our history, the publishing of new books, and the holding of national and international meetings that have motivated Cuban intellectuals, including historians, journalists, and the entire people.

The education minister pointed out the need to continue reinforcing knowledge in history not only among students but also among the teaching staff itself. Representatives of the FAR [Revolutionary Armed Forces] and MININ [Interior Ministry] underscored the need to take advantage of the experience and support the combatants association could contribute. Their experiences are an invaluable source to enrich and strengthen knowledge of history, among new values.

The start of activities to mark the 25th anniversary of the Bay of Pigs victory was announced at the meeting. Jose Ramon Fernandez, vice president of the Council of State, spoke about the events that preceded the Bag of Pigs invasion and its conclusion:

[Begin Fernandez recording, in progress] ...and it would be good to create increasingly clearer awareness and to help ensure that this awareness transforms into a regular behavior and action among all of us who have forgotten or who have never experienced this. I must say that at first some of us who marched to the battlefields were concerned about the fate of the rearguard. I must say, however, that the Interior Ministry, the CDR [Defense Committees of the Revolution], and the all the people waged a struggle at the rearguard.

If the actions of the militia, police, rebel army, revolutionary Air Force, the few Navy members who had the opportunity to participate—and this was not because they evaded a confrontation with the aerial defense—were courageous and efficient, the struggle of the people was exemplary, because they took good care of those who in one way or another were part of the networks that should have given domestic support to the armed invasion. [end recording]

The meeting underscored the need to deepen the knowledge and use of patriotic symbols and to develop a more efficient patriotic- military work within the community, to seek integration, and to promote the values of our society.

[Begin Jose Ramon Balaguer recording, in progress] ...because our historical development has been a permanent struggle. We have not stopped fighting. We have been doing so since 10 October 1968, and these people have never stopped fighting for their independence and sovereignty. We cannot stop now that we have them in our hands, and the future will depend on this.

We are seeking economic efficiency and are developing economically. We can produce, we are coming out, growing. We can have a flourishing economy and [word indistinct] it to the revolution. Without the ideology, firmness, understanding, and actions to establish the specific society we want, we will not be sufficiently aware, and if we are not sufficiently aware and not ideologically firm, we will not be able to defend it from all kinds of aggressions. [end recording]

Cuban Tax Office Spokesperson Remarks on Exemptions

PA2601140696 Havana Radio Havana Cuba in Spanish 0000 GMT 24 Jan 96

[Report by Barbara Betancourt from the "Evening Information Review" newscast]

[FBIS Translated Text] The battle for tax payment in Cuba is being waged at a time when citizens are not used to paying taxes, are not familiar with the practice, and have some misconceptions. Concerning personal income taxes received in foreign exchange since 1 January of this year, we must say that it will be charged based on a progressive scale according to which those receiving higher income will pay more. Everything is clear in Resolution No. 24 of 1995, in which the Finance and Prices Ministry established the procedures to collect those taxes and which also specifies who is entitled to exemptions.

In a statement to local radio stations, Maria de los Angeles Penate, of the National Office of Tax Administration, has remarked on the exceptions:

[Begin Penate recording] The exemptions include money received from relatives abroad and also includes foreign diplomatic officials who are in our territory when the same treatment is given to our officials in their respective countries. Other exemptions are retributions received by representatives from international organizations and donations to the Cuban state. Prizes can also be exempted as long as requested and approved by the finance and prices minister; this prize could be an international one received by an artist or something of that nature. Income in the case of scholarships abroad can be exempted; that is, the case of [word indistinct] and not salary and income received as retirement checks and pensions. [end recording]

Cuban Province Awarded for Military Preparation

PA2601184696 Havana Tele Rebelde and Cubavision Networks in Spanish 0100 GMT 23 Jan 96

[From the "NTV" newscast]

[FBIS Translated Text] This is one of the many civil defense tunnels dug in Santiago de Cuba Province. Located in the mountainous municipality of Guama, it is over 170 meters long and includes a long list of services, too many to recount. The tunnel can accommodate 500 people, more than enough to protect the nearby town in case of an attack. As a result of projects such as this one and the work conducted last year, Santiago de Cuba has just been awarded the status of best province in the country in the engineering preparation of the theater of military operations and best provincial general staff in the Eastern Army.

According to General William Mastrapa, chief of the General Staff of the Eastern Army, these awards serve to set new goals:

[Begin Mastrapa recording] The goals of the province are higher than in 1995. [end recording]

As an example, he has cited Guama's commitment to complete all its engineering projects in order to quickly become the first municipality to have shelters for its entire population.

There are hundreds of tunnels such as this one in the province. The city of Santiago de Cuba, as a matter of fact, became the first large city in the country to have shelters for its entire population.

Evidently, what has been attained so far simply spurs new goals for the future.

Cuba's Matanzas Holds Provincial Committee Plenum

PA2701044196 Havana Tele Rebelde and Cubavision Networks in Spanish 0100 GMT 23 Jan 96

[From the "NTV" newscast]

[FBIS Translated Text] The plenum of the provincial committee of the party in Matanzas met in the Rene Fraga Moreno Mill, which won the 10-day period harvest emulation. In the province, 10 mills are already grinding, another eight will join this month, and the last one will begin in the first half of February.

The mill earned the privilege to host the plenum as a reward for its outstanding performance in the industrial and agricultural sectors during the last 10-day period. The plenum, headed by Politburo members Yadira Garcia and Maria de los Angeles Garcia, also broached the situation of education in the province. The participants stressed the need to improve local incentives for teachers and professors, given the important role education plays.

The plenum also discussed the need to study the reason for the exodus of workers from that sector, given that so far during the current school year there have been 500 resignation requests in the province.

The sugarcane harvest emulation program for the anniversary of the Giron victory was also discussed, as well as provincial development projects for Matanzas in the economic and social fields and the issue of cadres policies.

The plenum also broached efforts conducted during 1995, which amounted to 830 million pesos, and had mercantile production growth of 25 percent in comparison to the previous year.

Meeting on Economic Impact of Cattle Rustling in Cuba

PA2701211796 Havana Radio Rebelde Network in Spanish 1800 GMT 22 Jan 96

[From the "National Radio News" program]

[FBIS Translated Text] Livestock breeders were unable to overcome the adverse weather conditions of 1995. The weather and lack of administrative and technical discipline meant that 700 head of cattle were lost and 1,740,500 liters of milk did not get produced, according to figures provided during the sector's annual work analysis meeting:

[Begin unidentified speaker recording] In Santiago de Cuba, I think we lose a great deal of [word indistinct] that do not even go to the [word indistinct]. It does not go to the point [punto] because there is a problem in organizing this task. [end recording]

If we bear in mind that one metric ton of powdered milk costs Cuba over $2,000, we must halt the loss, theft, and illegal sacrifice of cattle immediately. Almost 3,000 head of cattle were lost last year due to this:

[Begin unidentified speaker recording] With regard to horses, in general [word indistinct] the total number is 2,622 horses [word indistinct]. If we compare the loss of horses to the loss of cattle and bearing in mind our stocks, this means that in five or six years there will be no horses in this province. [end recording]

For events like these we need definite and collective measures. However, there are other things that are completely in the hands of the breeders, in their aim to halt the reduction of the herds and to obtain an increase in milk production. Luis Camps, a member of the Cuban Communist Party's provincial directorate, pointed this out during the closing of the meeting:

[Begin Camps recording] In this province we have reduced weeds to a minimum in the miscellaneous crop sector. The concept known as zero weeds is a reality in Santiago de Cuba today. The concept of zero marabu weeds must be prioritized and should be resolved in this province this year. Today, the intertwining [entrecruzamiento] of milk — something blabbed [cacareado] about so much — is also one of our main problems in this province. This is entirely our responsibility, we, the people who are here today. [end recording]

Report Views Repair of Transformers in Santiago de Cuba

PA2701042896 Havana Tele Rebelde and Cubavision Networks in Spanish 0100 GMT 22 Jan 96

[From the "NTV" newscast]

[FBIS Translated Text] In Santiago de Cuba, almost all of the burnt-out electrical transformers have been repaired, and improvements in this area have been announced for this year.

[Begin recording] [Correspondent Angel Leon Cabrera] Whether the time of the outage is long or short, the thing is the service has been reestablished, notwithstanding the deficit of transformers in Cuba. The players can continue with their game and do not ask why.

In the province's transformer workshop, which belongs to the basic electrical organization in Santiago de Cuba, we find the answer. Of the 540 transformers that had sustained some type of damage in the province during 1995, 491 were repaired here. If this had not been done, it is easy to imagine what would have happened.

[Unidentified speaker] It would have been truly catastrophic. The population would still be suffering. Over 90 percent of the broken modules were repaired in this workshop.

[Leon] The price for each one of these parts is over $1,200. On the other hand, the cost of repairing them is $420. Last year, Santiago de Cuba only received 30 of these parts. Therefore, service was fundamentally guaranteed by transformers that had been repaired. This year a considerable improvement has been announced. Already there is sufficient raw material available to repair over 250. That is why the average duration time of outages is expected to be reduced.

According to the workshop's manager, if the population were to cooperate, the number of outages — due to burnt-out transformers — would be reduced.

[Unidentified speaker] Many of them burn out due to carelessness or abuse of this equipment by the population.

[Leon] To close the report, listen to these facts. In Santiago de Cuba City alone there are 4,449 transformers similar to these. In the province the number increases to 7,291. Just imagine how many there are in Cuba, and you will then understand the value and importance of these men. [end recording]

Cuban Institute Releases Report on Water, Sewer Systems

PA2601140396 Havana Radio Rebelde Network in Spanish 1800 GMT 24 Jan 96

[From the "National Radio News" newscast]

[FBIS Translated Text] Cuba has enough hydraulic resources to meet the immediate demands for the resumption of irrigation activities in both sugarcane and other farming areas, in particular to revitalize the rice production program. This was announced during the presentation of the annual report from the National Institute for Water Resources.

The report stressed the need to continue undertaking with more urgency and timeliness the maintenance works at the hydraulic facilities, particularly at the main channels.

The report noted that a halt in the deterioration of aqueducts and sewers is already visible, although no significant advancements have been noticed in the maintenance of networks and the elimination of outlets [supresion de salideros], except in the capital, which had some funds available for that purpose.

Cuban Official Links Increase in Prostitution to Tourism

PA2601153296 Madrid EFE in Spanish 2043 GMT 22 Jan 96

[FBIS Translated Text] United Nations, 22 Jan (EFE) — Cuba today admitted that prostitution has reemerged in the island and attributed this to the rapid increase in tourism; however, Yolanda Ferrer Gomez avoided alluding directly to the domestic violence problem and diminished the importance of the fact that women are a minority in the country's political life.

Yolanda Ferrer Gomez, member of the Central Committee of the Communist Party of Cuba and of the National Assembly and secretary general of the Federation of Cuban Women-Nongovernment Organization, spoke today at a meeting of the Committee for the Elimination of Discrimination Against Woman, at UN headquarters, in New York.

Representing her country's government, Ferrer responded for more than two hours to approximately 25 committee questions on this issue — which was presented by Havana last month.

According to experts who listened to her statements, Ferrer Gomez thoroughly explained some aspects but simplified and granted no importance to problems such as prostitution, domestic violence, and access to high political post by women.

After saying that the revolution eradicated prostitution and the white-slave traffic in Cuba, Ferrer admitted that "unfortunately today prostitution has reemerged in a new form" that is spurred on by the increase in tourism and "involves a minority of young people" with good education and good health.

As Ferrer explained, the economic embargo imposed by the United States on Cuba and the fall of the socialist bloc forced the Cuban Government to resort to tourism to obtain resources to get out of the economic crisis.

Ferrer noted that this is not prostitution to ensure survival. The Cuban deputy believes that the persons who engage in it do it "to acquire goods that are not essential for living honorably in Cuba" and insisted the government is determined to fight it.

She said that, besides the moral considerations against prostitution, this practice represents a health risk and is often linked to blackmail and drug-trafficking.

Carlota Bustelo, a Spanish expert who is a former director of the Woman Institution and who listened to Ferrer's statement, said the report "is full of contradictions," beginning with Ferrer holding a public post and at the same time representing an NGO, and criticized the "simplified" description of the prostitution problem in Cuba.

In her statement, Ferrer admitted that men continue to dominate public posts, but believed that the presence of women is steadily growing.

This assertion apparently did not convince Ecuadoran expert Yolanda Estrada Castillo, who said she cannot understand how 83 percent of Cuban women belong to the Federation of Cuban Women and yet they are a minority in the political participation aspect.

Regarding the participation of women in the country's economy, Ferrer said that 9 percent of farm owners are women.

Cuban Editorial on 17th Workers Congress Thesis Debate

PA2601165196 Havana Radio Rebelde Network in Spanish 1255 GMT 22 Jan 96

["Text" of a 22 January TRABAJADORES editorial read by Roberto Canel; from the "Doing Radio" newscast: "Give the Plan as Much Importance as the Thesis"]

[FBIS Translated Text] The first week of discussions on the thesis of the 17th CTC [Cuban Workers Federation] Congress has reaffirmed the importance of these assemblies as an expression of labor democracy. The turnout of the workers has been great, the speeches are generally well founded and meaningful, the higher ranks of the administration have been present, and the media are widely reporting and helping create an appropriate atmosphere for debate. Nevertheless, we have noticed in some of these first assemblies difficulties to attain a reasonable balance between the time spent discussing the document and the time spent afterward for the 1996 plan. Time often runs out without having held an in-depth discussion, and the assemblies conclude without making a complete study on topics that are not dependent on external affairs and that can be dealt with by the group for the sake of efficiency. Thus, we see there are enterprises that have stated they do not have any guarantee they will have the necessary elements for production and other supplies to raise their plan for the year and their directors simply tell their workers that there will be no growth.

The proper response to this difficulty should be to concentrate on the qualitative indicators even with greater stringency than when we decided to grow; in other words, if we are unable to produce more, we can produce better and with more quality, less costs, and by optimizing energy and raw material usage. If we optimize the use of raw materials, we may be able to accomplish more and perhaps much more. In this regard, the administrations should make a greater effort to improve their report even further, identifying the problems limiting efficiency and indicating exact areas where savings can be made. The best thing [word indistinct] out precisely the weak points.

We must assume that in a work place in which there is a true participation of workers and unions in economic and productive efforts, problems will come to light and will not make their ways into a meeting such as this without having been uncovered.

It sometimes happens that what is not said in the assemblies regarding efficiency and what is not reported when work centers are visited by higher-up leaders, both union as well as administrative, comes to light in the thesis assemblies. There is nothing wrong with this if one follows the saying Better Late Than Never, but this indicates there is still a long way to go to reach continuity and a system in the analysis and solution of problems.

As can be seen, the thesis debate contributes to the learning of the country's political and economic reality. The administration's report and its study increases the information about the situation at the work center. Both aspects are related and are conditioned to motivate workers and to encourage an attitude that is combative, disciplined, and demanding in the work center.

The overall view of the assembly at this moment is essential to ensure that the outcome of the meeting be truly successful. How many hours should an assembly last? What time should be spent on each of the two main topics? These answers must be found by rank and file union leaders taking into account the group's characteristics and coordinating with the administration, whose role, as we have seen, is very important.

There have been cases where groups, when it then comes down to debating the chapter on efficiency, immediately jump to the topic on the economy at the work center, and then they go on with the rest of the thesis. There is room for initiative, but we must stress, especially in the first part, that the assemblies can do without oratory marathons with generalizations that weigh down the main topic. Instead, stick to facts and put across arguments with swiftness and precision.

It is important that one aspect of the assembly not be sacrificed for the sake of another. In any case, if there is not enough time, there is always the possibility of continuing at some other time, as has happened many times during discussions at the work place. This does not necessarily mean less interest, participation, and worker attendance.

Conference on Cuban Sugarcane Workers' Effort in Harvest

PA2601184896 Havana Tele Rebelde and Cubavision Networks in Spanish 0100 GMT 23 Jan 96

[From the "NTV" newscast]

[FBIS Translated Text] The second conference at the provincial level in preparation for the 17th workers congress was just held in Ciego de Avila. The issue of workers' participation in the sugarcane harvest prompted several addresses.

Although the mills in the province moved back the start of operations, something which everyone sees as a positive sign, more resources are needed for different tasks. Approximately 500 tractors, 400 carts, and 100 trucks are required to complete the transportation needs, in addition to still unallocated personnel and transportation resources.:

[Begin first unidentified speaker recording] We have to be demanding with the cutter so that he cuts low, cleans the cane, removes the chaff, removes the node, but we have to be equally demanding with everyone involved with the logistics for the cutters, to ensure that they also meet the cutters' needs. [end recording]

Profitability, the struggle to increase yields, and the levels of production most needed by the people are part of the guidelines for the 17th workers congress:

[Begin recording] [Second unidentified speaker] We are profitable on the grounds of production, not on the grounds of selling a pound of yucca at 1.20 pesos; that is not it, must be rejected. [end recording]

[Third unidentified speaker] The pilot, the teacher, the doctor are forgotten. They believe everyone in this country is a millionaire, but this country is one of workers! [applause] [end recording]

The performance of grass roots labor bodies and the evolution of the basic cooperative production units were also broached in the conference. In every case, the labor movement was called to focus on efficiency, the reactivation of production, and each of the ongoing socioeconomic programs being conducted nationwide.

Roundup of Cuban Economic Developments Through 30 Jan

PA3001172696

[FBIS Report] The following is a compilation of reports on economic developments in Cuba monitored through 30 January.

The tourism sector in Matanzas Province contributed more than $252,000 to the health sector in 1995, which is 102-percent more than the goal. The Rumbos Hotel Company, the Caracol store chain, and the (?Simet) Corporation were the institutions that contributed the most. (Havana Radio Rebelde Network in Spanish 1255 GMT 23 Jan 96)

According to a 24 January, Havana-datelined item, Cuban Deputy Tourist Minister Eduardo Rodriguez De la Vega at a news conference reported that more than 740,000 tourists visited his country in 1995. This year, the goal is to welcome 900,000 tourists. He added that Spain has become the country's largest foreign investor in the tourism sector. Most tourist come from Canada and Italy, followed by Spaniards and Germans. Rodriguez also reported that the island welcomed 20-percent more visitors and collected 18-percent more revenues, which represented $1 billion, than in 1994. In order to implement tourist development plans, Cuba requires approximately 2.4 billion pesos (same amount in dollars according to the official exchange rate), half of which must be in convertible currency. So far, nine joint ventures for hotel operations have been created in Cuba with investments of approximately $300 million; 35 installations are in foreign hands; and 16 economic association agreements have already been signed. Tourism is estimated to have represented 8.3 percent of the GDP in 1995. (Havana PRENSA LATINA in Spanish 0859 GMT 24 Jan 96)

According to a 25 January, Havana-datelined item, the most outstanding result of the visit executives of more than 25 Catalan companies made to Cuba was the Caixa de Cataluna Bank granting a $15 million line of credit to the country. The line of credit is granted to the National Bank of Cuba to finance purchases to Catalan companies. Meanwhile, the Joviat Foundation and Formatur Enterprise signed an accord to award 12 scholarships to Cubans studying hospitality management. (Havana PRENSA LATINA in Spanish 1824 GMT 25 Jan 96)

According to a 27 January, Havana-datelined item, Fisheries Minister Orlando Rodriguez Romay has said that the fishing sector, which is one of the pillars of the Cubans' food, this year will start reestablishing its industrial capabilities, which were reduced due to the economic recession. To achieve this objective, he pointed out that 1,200 one-hectare fish tanks are being built throughout the country. Approximately 35,000 people work in this sector. At a meeting with provincial official, he said that seafood exports increased by 50 percent in 1995, compared to 1994 exports. He pointed out that the country will continue to make efforts to exceed the 1995 yield of 1,000 tons of shrimp per hectare, adding that 30,000 tons of freshwater fish were produced last year. (Havana PRENSA LATINA in Spanish 1531 GMT 27 Jan 96)

The country has good expectations to refine liquefied gas in 1996. The Diaz Brothers Refinery in Santiago de Cuba will refine 1 million tons of oil, while the Nico Lopez Refinery will refine 1.5 million tons of oil. This means that the 96,000 tons of liquefied gas that were used in Cuba in 1995 must be reduced this year. Some 85 percent of Cubans cook with kerosene.

(Havana Radio Reloj Network in Spanish 2030 GMT 28 Jan 96)

The 54 Uruguayans who travelled to Havana on 26 January have donated to Cuba $75,000 worth of medicines, powder milk, and school supplies. Sergio Corrieri, Cuban Institute of Friendship with the Peoples president, thanked the Uruguayan delegation for the donation. (Havana Radio Havana Cuba in Spanish 0000 GMT 30 Jan 96)

The Textile Manufacturing Provincial Enterprise manufactured more than 900,000 clothing units in Las Tunas in 1995, which represented a 101 percent achievement. More than 5 million pesos in revenues were collected. This production is a 61.27 percent increase as compared to production in 1994. The company reported 225,000 in profits in 1995, 80 percent more than in last year. (Havana Radio Havana Cuba in Spanish 0000 GMT 30 Jan 96)

Haiti

Haiti's Foreign Minister Views Diplomatic Ties, FRAPH

PA3101024096 Port-au-Prince Signal FM Radio in Creole 1230 GMT 29 Jan 96

[From "The 0730 Appointment Newscast"]

[FBIS Translated Text] Haitian Foreign Affairs Minister Fritz Longchamp answered the invitation of the senators to speak before them on 26 January. Minister Longchamp talked to members of the Foreign Affairs Committee of the Senate about Haiti's relations with diplomatic missions accredited to the country. They also addressed the Emmanuel Constant case.

The parliamentarians asked the foreign affairs minister questions about the continuing steps for the former FRAPH [Revolutionary Front for the Promotion and Progress of Haiti] leader to return here. According to Minister Longchamp, the country's government has already given the U.S. authorities the necessary documents for the repatriation of Emmanuel Constant. For the time being, they are waiting for the repatriation of the FRAPH leader, who is now in jail in Maryland in the United States. Let us listen to the explanations of Fritz Longchamp:

[Begin recording] [Longchamp, in progress] ...but nothing had to result from the meeting. The Foreign Affairs Committee of the Senate invited me to talk to them about Haiti's foreign policy situation today.

[Unidentified reporter] What about it exactly?

[Longchamp] Well, I made a report on what Haiti's foreign policy is. The points we tackled included the question of the FRAPH documents. We discussed Haiti's relations with Cuba; we discussed Haiti's relations with China; and we discussed the economic and political situation of all Haitian diplomatic missions abroad.

[Reporter] Where is the FRAPH issue at this moment? How far along is the FRAPH issue?

[Longchamp] Well, the FRAPH issue is still at the same point, that is, the Haitian Government has asked the U.S. Government to return the documents that were seized at FRAPH headquarters, at the police headquarters, at the Haitian Army headquarters, and any other documents, whether they are written or taped, pictures, or any other things they have in their hands.

[Reporter] Is there hope that Emmanuel Constant will return to the country to be tried? [end recording]

The deadline that was announced by U.S. officials for the return of Constant will expire on 30 January. The U.S. Embassy spokesman in Haiti announced the expulsion of former FRAPH leader Emmanuel Constant for last week or the following week [as heard]. Mr. Stanley Schrager made this statement on 5 January.

Haitian Radio on Possibility of Extension of UNMIH

PA3101011896 Port-au-Prince Signal FM Radio in French 2000 GMT 30 Jan 96

[FBIS Translated Excerpt] The mandate of the UN Mission in Haiti [UNMIH], which will expire in less than one month, should be extended in principle by the UN Security Council, but the strength should be reduced, a high-level UN official indicated on 30 January. Lakhdar Brahimi, special representative for Haiti of the UN secretary general, who was heard by members of the Security Council in New York, wished UNMIH's mandate to be possibly extended by six months within the context of progressive disengagement. [passage omitted]

A Beninese UNMIH policeman was killed by bullets last night in Port-au-Prince.

Mr. Brahimi recalled that since last October the strength of UNMIH has progressively decreased and that there are now 5,000 soldiers instead of the 6,000 who were originally authorized, and 400 policemen instead of the original 900. As soon as the UN receives a formal request from Port-au-Prince and — if the UN Security Council authorizes — the UNMIH's mission will not stop on 29 February.

The disengagement process should take place more gradually than what was initially envisaged, according to Mr. Brahimi.

According to information circulating in New York, in Asian circles, the authorized military strength of UNMIH might be reduced to 1,500 men. [passage omitted]

Haiti's Justice Minister Views National Budget

PA3101025396 Port-au-Prince Signal FM Radio in Creole 1230 GMT 30 Jan 96

[From the "0730 Appointment Newscast"]

[FBIS Translated Excerpt] Justice Minister Attorney Rene Magloire went to the Haitian Parliament to discuss with members of the Finance Committee, especially within the Chamber of Deputies, the amount of money the Ministry of Justice has in the national budget.

According to Attorney Magloire, during his working session with the parliamentarians, they talked about the Ministry of Justice's budget. The minister says they started working on the budget of the National Penitentiary Administration [APENA], but that they still have much work to do on the APENA budget. [passage omitted]

For his part, APENA Director Carl-Henry Francois, who accompanied the justice minister, pleaded in favor of an increase in the APENA budget. He told journalists that APENA intends to open 10 new prisons in the next few days. Thus, the APENA director asked for an APENA budget increase of 20 percent. [passage omitted]

Haitian Union Denounces Anti-Privatization Campaign

PA2701013196 Port-au-Prince Radio Metropole in French 1500 GMT 23 Jan 96

[FBIS Translated Text] The Haiti Flour Mill workers' union denounces the activities of an armed group that is campaigning against privatization. The president of the flour mill union has pointed an accusing finger at Port-au-Prince authorities who are supposedly behind these activities. Mr. (Ulysse Geneus), designated as the head of the Ouest Department delegation, is the leader of this armed group. Last Tuesday, we learned that this heavily armed group broke into the premises of the flour mill. Subsequently, Mr. Geneus denounced these activities. which are allegedly aimed at imposing another union on the flour mill and spreading propaganda against the privatization of the factory.

Haitian Radio Reports on Gasoline Shortage

PA3101033596 Port-au-Prince Signal FM Radio in Creole 2030 GMT 30 Jan 96

[FBIS Translated Text] There is a gas shortage in the country. Fuel products have been very rare in the past few days, which justifies the fact that many cars were in line in front of several gas stations in the capital, where people do not stop complaining about this problem.

Commerce and Industry Minister Roger Perodin held the petroleum company WINECO S.A. [expansion unknown] responsible for the artificial fuel shortage because, according to him, it was up to those people, the people of this company, to import fuel, that is the missing gasoline, into Haiti. A tanker is due to arrive today in order to put an end to this situation.

Mexican Secretariat Views Transport Talks With U.S.

PA3001223996 Mexico City NOTIMEX in Spanish 0739 GMT 30 Jan 96

[FBIS Translated Text] Mexico City, 30 Jan (NOTIMEX) — The Communications and Transportation Secretariat (SCT) has announced that, in view of the lack of agreements, the transportation problem between Mexico and the United States, within the framework of NAFTA, could be resolved in September.

In an interview, Jose Aguilar Alcerreca, SCT Land Transportation director general, said that the 45-day extension to start cargo transportation movements between Mexico and the United States ends on 31 January. He recalled that the original date was 18 December. However, it was postponed, because the U.S. truck sector and Government believe that Mexican teamsters fail to meet the required security standards.

He pointed out that SCT authorities disagree with the proposals made by the National Chamber of Land Transportation of Cargo (Canacar) that the coming into effect of this aspect of NAFTA be delayed to make it easier for this Mexican sector.

Aguilar stressed that last week he met with U.S. Government officials in Washington to resolve the problems caused by the delay in this NAFTA phase. He maintained that what was established must be complied with, adding that U.S. representatives are hesitant to reach an agreement to let Mexican teamsters drive on U.S. roads.

He asserted that the U.S. Government in the next few hours will announce an eight-month delay and stressed that Mexico's position in this regard is to comply with NAFTA.

The SCT official also pointed out that various viewpoints were expressed in the previous meeting, which Canadian, U.S., and Mexican officials attended. This is why the solution to the problem could be found in September.

At the same time, the Commerce and Industrial Development Secretariat (Secofi) denied that U.S. fleet trucks are operating in Mexico, adding that it has received only a few petitions to offer these services on Mexican territory.

Raul Ramos Tercero, Secofi industries and industrial trade regulations and services under secretary [title as received], said that the proper institutions are discussing the case, in reference to the conflict involving the Mexican teamsters who the United States is preventing from crossing the border.

Mexican Chamber of Deputies Criticizes U.S. Trade Bill

PA3001175696 Mexico City NOTIMEX in Spanish 0749 GMT 30 Jan 96

[FBIS Translated Text] Mexico City, 30 Jan (NOTIMEX) — The Chamber of Deputies' Agriculture Commission sent an urgent letter to Pat Roberts, president of the U.S. Congress' Agriculture Committee, requesting that he prevent a unilateral modification to NAFTA.

In the letter, the Agriculture Commission said that if the U.S. House of Representatives agrees on Tuesday to a change in definition of national industry barriers in order to hinder access of perishable goods, such a tomatoes, this would violate NAFTA.

In addition, it would violate established trade agreements within GATT, added the letter signed by Rafael Ceballos Cancino, president of the Agriculture Commission of the Lower Chamber of Deputies.

The letter is also signed by Deputies Erik Villanueva Mukul, of the Party of the Democratic Revolution and Eduardo Cardenas Lebrija, of the National Action Party.

The letter notes that on 26 January, the U.S. Senate summarily approved a draft bill presented by Florida Democrat Representative Bob Graham, (without debate, a procedure known as unanimous consent) [preceding two words in English], motivated by that country's election year.

The letter warns that if the draft bill goes through, the impact of winter Mexican tomato imports on Florida's production would be increased. [as received]

The Mexican legislative commission added, Florida would then request barriers, which up to now have been turned down.

The commission has requested that the U.S. Agriculture Committee not allow the House of Representatives a summary approval procedure, and instead, that the real consequences of the measures be debated.

The letter said that the bill is an additional trade restriction, obviously a protectionist measure that violates NAFTA and violates GATT's trade spirit.

The letter added that the U.S. Senate bill endangers NAFTA's general agreement and the agricultural relationship, which has been more beneficial for U.S. producers, especially to producers of dairy products, cereals, apples, livestock, wheat, and corn.

Mexico's Zedillo Advocates Presidential Reform

MS3101113396 London FINANCIAL TIMES in English 31 Jan 96 p 8

[Report on interview with President Ernesto Zedillo, by Stephen Fidler, in London, 30 Jan: "Zedillo Seeks to Reduce Political Power at the Top"]

[FBIS Transcribed Text] President Ernesto Zedillo of Mexico yesterday emphasised, in the clearest terms, his determination to reduce the overwhelming power of the presidential office.

"You don't need a king or a high priest deciding what poor mortals should do," he said, on a visit to the FINANCIAL TIMES, in London yesterday.

The Mexican political system — described five years ago by the novelist Mario Vargas Llosa as the perfect dictatorship — is one of the most centralised in the world. Mr Zedillo said that, although the power of the presidency under the constitution was not excessive, the office "had accumulated too much *de facto* power".

Reducing this power to its constitutional limits was "my contribution to building the new democracy that Mexico needs. If we want to have a more powerful Congress, we somehow need to have more moderation in the power of the presidency."

It was a mistake to conclude that this indicated a weak presidency. "It's basically a constitutional exercise of power and that's what Mexico needs."

Denying that this would increase uncertainty in a country where a financial crisis had led the economy to shrink by 7 per cent last year, the president said the government's emphasis on the rule of law and a new political consensus on democratic practice and institutions would help make political change smooth.

This consensus, he said, was emerging in intense all-party talks. "We are hoping that, in the next congressional period that starts in the middle of March, we will already have some agreements to be translated into legislative action."

Some issues might require modification of the constitution, but the central issues related to the financing of political parties and to guarantees of all-party access to the media.

This electoral reform was part of a three-pronged reform of the Mexican state, which he was pursuing. The other elements were a "more balanced relationship" between the executive, judiciary and legislature, as well as decentralisation of the state.

Mr Zedillo said this would also require changes in his ruling Institutional Revolutionary Party (PRI). "The PRI should become a much more competitive party for the new conditions and therefore it should carry out a serious internal reform.

"The party's next convention should establish very clearly and transparently its method of selection for candidates", including the election next year for the mayoralty of Mexico City. Previously all senior candidatures in the ruling party were effectively in the president's gift.

Mr Zedillo also said:

— His government had moved ahead with structural economic reforms, despite the short-run emergency. These included railway privatisation, permitting private investment in natural gas, opening telecommunications to competition, continuing privatisation of ports, airport privatisation, and further efforts to sell petrochemical plants of the state oil monopoly, Pemex.

— The known cost of programmes to support the banking system, and fix the problems of privately financed highways, was estimated at slightly more than 5 per cent of 1994 GDP in present value terms, to be paid over 30 years. Mr Zedillo said "too much publicity" had been given to government efforts to broker debt rescheduling efforts between banks and some 80 to 100 larger companies with excessive debts.

— Better supervision, more transparent accounting rules and new investors in the banking system should help ensure that the banking crisis of last year would not recur.

The president denied that the Mexican government's social security and pension reform proposals had been watered down by Congress. He said the matter of cutting the administrative costs of the large and expensive public social security administration did not need to be part of the law. Rules were now being established to allow the system to begin operating next year, and these should begin to have other important benefits.

"What we have done works in the direction of obtaining higher productivity... The (social security) institution will have to do whatever is necessary to live up to the standards of productivity implicit in that legislation."

On the North American Free Trade Agreement [NAFTA] and relations with the U.S., the president pointed out that Mexico's exports to the U.S. had risen 50 per cent in two years. He said the U.S. had benefited also: "Back in the 1980s, when Mexico had a financial crisis, our imports from them fell in one year by 60 per cent. This time around, thanks to NAFTA, our imports fell 3 per cent."

Regarding Mexican relations with the European Union, Mr Zedillo said he was especially interested in negotiating a free trade accord. "We'd like to see, even if it is not called a free trade agreement, something that implies a very substantial progressive liberalisation of our reciprocal trade. We'd like to achieve that in just one negotiation... although the rules could be put into effect over a period of time."

Mexican President Meets Spanish Leaders in Madrid

PA2701121696 Mexico City Radio Red Network in Spanish 0000 GMT 26 Jan 96

[Report by Victor Manuel Suberza in Madrid; from the "The Night Monitor" newscast — live]

[FBIS Translated Excerpt] Good afternoon. This is the first day of President Ernesto Zedillo's visit to Spain, which is the starting point for visits to four European countries. Yesterday it was said that the main reason for the trip is to promote investments for our country, thus the need for the president to meet with entrepreneurs, financiers, and businessmen, to motivate them to invest capital aimed toward productive activities.

The president held his first round of talks with Prime Minister Felipe Gonzalez after a protocol ceremony held at the El Pardo Palace. President Ernesto Zedillo was received by Spanish King Juan Carlos de Borbon during a brief ceremony, which was followed by a parade. Thereafter, Zedillo held private talks first with the sovereign and subsequently with the Spanish prime minister. The president of the Republic, in this first conversation with Felipe Gonzalez, gave a broad explanation of the economy's true situation and the administration's strategy to overcome the crisis. The Chiapas issue came up — peace, reconciliation — but no further details were given on this point.

During a news conference, Foreign Secretary Jose Angel Gurria reported that the initiation of negotiations between Mexico and the European Union to establish a free trade agreement is imminent. The president of the Republic also met with members of the EL PAIS newspaper editorial council who had gone to the El Pardo Palace for the occasion.

In the evening, President Zedillo and his wife, Nilda Patricia, went to the royal palace in a 1947 Rolls Royce limousine to attend a dinner in his honor. [passage omitted] At the event, President Zedillo said our country is resolved to achieve a firm and sustainable development that will be a lasting basis for equity and opportunities for all.

[Begin Zedillo recording] As all countries with a past and future, Mexico has faced difficulties but has taken on the current challenges with determination. Those challenges motivate and commit us. Currently, our nation has initiated a phase of clear and solid recovery, which has been reached with the efforts and abilities of our citizens and which is accompanied by our firm will to change. [end recording] [passage omitted]

The president will also have a tight work schedule today. He has to attend a meeting with Spanish businessmen and bankers at the Galeria de la Reina assembly hall. Later, he will meet with Galicean Council President Manuel Fraga, who is a conservative and a member of the Popular Party, and with Basque President Jose Antonio Aldaza. President Zedillo will hold a second round of talks with Felipe Gonzalez and, together, they will hold a news conference. The president is also scheduled to meet with Spanish intellectuals and prominent personalities. These are some of the activities the Mexican president will undertake this Friday, the second day of his official visit to Spain. This is my report from Madrid.

Mexican President Cites Spanish Role in Free Trade Deal

LD2601200896 Madrid RNE-1 Radio Network in Spanish 1300 GMT 26 Jan 96

[FBIS Translated Text] Now we deal with the visit to Spain by the president of the United States of Mexico: Bilateral agreements and the attempt to improve Mexico's image abroad, which has suffered greatly due to the economic and political crisis, are the features of President Zedillo's visit to Spain. At the Moncloa Palace, in a joint press conference during which we listened to Felipe Gonzalez a few minutes ago [discussing the GAL case], we also heard the Mexican president, who outlined the results of his visit to Spain — the first by a Mexican head of state for eight years. From the Moncloa Palace: Miguel Molleda, good afternoon.

[Molleda] Good afternoon. Mexican President Ernesto Zedillo concluded an official visit to Spain — the first made by the Mexican president — early this afternoon. At the same time, he has started a tour of Europe in which he will visit the United Kingdom, Italy, and Switzerland. The main aim of this tour is to promote Mexico's foreign trade agreements, especially with the EU, where he is supported by Spain. In a joint press conference held a few minutes ago in the Moncloa Palace, President Zedillo referred to the important role carried out by the Spanish EU Presidency to allow Mexico to reach a free trade agreement with the 15 [EU members], which is still in the process of negotiation and consensus among EU members.

[Begin Zedillo recording] I should recognize, given this opportunity, the very active management by the Spanish Government of the EU Presidency to establish some outlines for negotiation in the EU in order to hold corresponding negotiations with Mexico. [end recording]

EFE, Mexico's NOTIMEX Sign Exchange Agreement

PA2801001696 Mexico City NOTIMEX in Spanish 1727 GMT 25 Jan 96

[FBIS Translated Text] Madrid, 25 Jan (NOTIMEX) — NOTIMEX and EFE signed an information exchange agreement in Madrid today, during Mexican President Ernesto Zedillo's visit to Spain. The agreement was signed at the Spanish Foreign Ministry in front of Mexican Foreign Secretary Jose Angel Gurria and Spanish Foreign Minister Carlos Westendorp. NOTIMEX General Manager Jorge Medina Viedas and EFE News Director Carlos Gonzalez Reigoza — who represented EFE President Alfonso Sobrado Palomares — signed the document. The agreement will allow the agencies to exchange national news services from their respective countries to their correspondents' offices. The Mexican and Spanish Governments initialled the document during the first day of President Zedillo's three-day state visit.

Mexican President Speaks at Working Meeting in Spain

PA2801173396 Mexico City Radio Red Network in Spanish 0000 GMT 27 Jan 96

[Report by Victor Manuel Suberza from Madrid; from "The Night Monitor" newscast]

[FBIS Translated Text] [Suberza] The official visit President Ernesto Zedillo has made to Spain has ended, but a working meeting will be held in the next few hours. What was discussed—that is, the issues broached, the manner in which they were broached, the trends, proposals, and concepts that were handled—has triggered a great deal of attention during the meeting President Zedillo has held with a group of approximately 30 Spanish intellectuals. They spoke emphatically, without having to deliver a speech, without having a, let us say, script on hand. Issues regarding the economy and the democratic process Mexico is undertaking were certainly discussed, as well as old and painful problems such as the one Chiapas State poses.

Leftist Deputy Diego de la Vega, who looked surprised, asked a question. He has said it is not customary, at least not at the end of a state visit, to invite a parliamentarian deputy to a meeting with a chief of state. He then asked what happened in Chiapas, what went on in that southeastern state. The president of the republic gave a long explanation on what Chiapas State, its poverty, contrasts, history, and poverty, represents. It is a state where the war of independence, the reform, and the revolution were not President Zedillo, made some observations, however, on the problem that occurred on 1 January 1994.

The problem of nonconformity does exist in Mexico, and everybody is convinced the solution cannot be found by resorting to violence or by being above the law. The negotiations and the determination to do away with injustice constitute the path to find peace again, Zedillo has said. During the discussions, we do not have to discuss that the Chiapas problem stemmed from the current government. The incorporation of nonconformist groups into the political arena, the implementation of new laws, and the respect for Indians will contribute to the reconciliation process. This is how the president responded to the question that was made in this meeting held at the Ortega and Gasset University Institute.

During the meeting, the Mexican head of state also noted the distance that must exist among the government and political parties and the duties they must perform. He clearly affirmed that the president of the republic does not own any political party:

[Begin Zedillo recording] Under the unalterable assumption that the government and the parties must abide by the laws, there are no improper or illegitimate relations between the government and any political party. I believe this point is a crucial one in Mexico's political advancement. I have committed myself to always honor this commitment, but I reject the notion that as a sign of Mexico's political advance, the Mexican president has to reject or desist from his membership, of which I am very proud, in a political party. It seems to me this is deeply antidemocratic. A democracy works when there is a system of political parties, when there are strong political parties, and when we gain power through a political party. I gained power through the promotion of a political party; this does not mean that we, the government and party, will maintain illegitimate and unlawful relations.

No one can deprive me, as the Mexican president, of my political right. The party is not asking me and will not ask me to act illegally. In this regard, I have said [word indistinct] distance means the government and the party must respect the law; it means the president must respect the party. The president does not own the party, although he may be a political leader within the party, but he must never attempt to make the partisan decisions corresponding to the active members and the party cadres, according to its own statutes. [end recording]

The president received the golden key to the city of Madrid that was courteously offered. He is a distinguished guest. Early in the day, he met with Spanish businessmen and bankers wanting to invest in businesses headquartered and linked to Mexico. They are also concerned about the phenomena taking place in our country. We must do way with corruption, drug trafficking, and insecurity in an effort to foment and promote confidence among foreign investors.

Zedillo decorated Adolfo Suarez, who is undoubtedly the mastermind of the democratic transition in this country. Suarez has shied away from the political limelight. He also deserves the caress people must feel every once in a while, Zedillo added. He is, perhaps, afflicted by the cancer from which his wife and his daughter are suffering.

Zedillo will visit Barcelona on 27 January. Before leaving Madrid, he will meet, on separate occasions, with Jose Maria Aznar, president of the People's Party, a party which has a great future, as people in Spain are saying he could become the next Spanish chief of government. Zedillo will also meet with Julio Anguita, United Leftist Party coordinator general. This political organization is weakening by the day.

This is part of the information, part of the agenda of Zedillo's state visit that has just concluded and the working visit that is just beginning in Spain. We will be reporting more from Barcelona on 27 January.

[Announcer Martin Espinosa] Before we end this conversation, let me say that it has been two hectic days, two days of activities among the various Mexican and Spanish sectors. The fact that the delegation of public officials, including the finance and trade secretaries, accompanying the president is very small is drawing a great deal of attention in Mexico, but the delegation of businessmen accompanying him is quite large indeed.

[Suberza] I would not say the delegation of public officials is small. If my memory serves correctly, this visit is the first in which a very large number of state secretaries is accompanying the president. In addition to the foreign relations secretary, the trade and finance secretaries are accompanying Zedillo, as well as the chief of the Presidency, Luis Tellez, who usually does not travel abroad with President Zedillo. The chief of the Presidency and the social communications director, Zedillo's spokesman, as he calls himself now, do travel with Zedillo. He is also accompanied by a number of businessmen, very prominent businessmen, about whom you were talking.

We have to consider that the objectives of this tour of four European countries are to promote foreign investments in our country, to attempt to explain how the economic crisis emerged, to foment and create an atmosphere of confidence and, why not, suitability and interest for European businessmen. In this regard, there is an element that I would say is complementary and perhaps significant: Mexico's interest in being able to sign a free trade agreement with the European Union; this would basically be the explanation. Of course, there are no official statements yet, but we have been officially informed that the main objective of this European tour is to promote and make Mexico attractive to businessmen from these countries.

[Espinoza] We hope the Europeans, especially Spain, will get a better idea of what Mexico is all about. A very important point you mentioned was that the European Union could start looking at America, especially Mexico. Were some Spanish businessmen convinced about coming to Mexico?

[Suberza] I do not know whether someone was convinced, but one businessman, Claudio X. Gonzalez, has said they have the intention of funneling capitals toward productive activities, despite the concerns Spanish bankers and businessmen have, in order to open up jobs, especially in areas pertaining to financial activities; that is, banks, stock exchange organizations, and others. We are also talking about the manufacturing of railroad cars and parts the subway needs.

We must also note how emphatically the Spanish businessmen spoke. They have said: As for promoting confidence, we know there are problems in Mexico, such as drug trafficking, corruption, and insecurity. They have told President Zedillo about this concern. If you ask me how many dollars will be funneled to the areas I have already mentioned, this question mark is a big one.

Mexico's Zedillo Meets With Catalonian Businessmen

PA2801174096 Mexico City NOTIMEX in Spanish 2206 GMT 27 Jan 96

[By Cesar Velasquez]

[FBIS Translated Text] Barcelona, 27 Jan (NOTIMEX) — Mexico hopes to establish free trade with Spain and the other European Union (UE) nations, President Ernesto Zedillo today told Catalonian businessmen who stated their interest in increasing trade with the country.

"We are interested in tax-free trade with countries such as Spain and all the countries comprising the EU," Zedillo said in response to the concern stated by a Catalonian businessman over a Mexican tariff.

In a meeting with approximately 200 Catalonian businessmen in Barcelona, where he arrived on 27 January from Madrid, the Mexican president insisted that Mexico is interested in discussing the tariff issue, "but, naturally, we must negotiate."

"We need conditions of reciprocity, and I hope we will soon have that framework to agree on what we really want; that is, free trade," Zedillo said in the second phase of a 10-day official tour through Europe that began on 26 January.

Antoni Negre, president of the Barcelona Chamber of Industry, Commerce, and Navigation, had previously reviewed the Catalonian industry's concern regarding access to the Mexican market.

"The Mexican tariff, with an average value of 20 percent, renders difficult the full normalization of our economic relations," Negre said.

Negre's statements were given on behalf of his organization, which he defined as "an almost unavoidable point of reference for the Catalonian enterprises in their internationalization strategy."

During the meeting, the Catalonian businessmen stated their interest in sponsoring cooperation and investments in Mexico.

"In this sector we have yet to achieve the development we might consider consistent with the opportunities that undoubtedly exist," Negre stated before the Mexican leader.

Zedillo said Mexico wants the EU to approve a negotiation mandate to begin talks on the draft agreement for a political and commercial association with the 15 European community countries.

The president also explained the Mexican economy's potential, the strategy followed to overcome the 1995 financial crisis, and this year's growth prospects.

Mexico will begin its economic recovery this year with a growth of approximately 3 percent and will also curb inflation and fight unemployment, "the most pernicious phenomenon of our economy," he said.

The Mexican head of state said the battle for development in which the country is involved cannot be waged without the international community.

"No country can hope to achieve its economic development if it does not also depend on others; it is the unavoidable, inexorable interdependence in which we now live in this wide world," he said.

The Mexican president said his European tour is intended to strengthen ties and relations with the EU by sponsoring foreign trade and foreign investment opportunities.

Asked about a possible change in monetary policy, Zedillo said that given the operation of an international financial system, it is more advisable for the Mexican economy to float the foreign currency exchange rate.

"The most suitable thing for our currency is a floating exchange rate system, with periodic interventions, depending on the market's situation, simply to prevent extremely erratic fluctuations in the short term," he said.

During the ceremony, Jordi Pujol, president of the Catalonia Generalitat, praised the Mexican economy's process of structural changes and urged Catalonian investors to participate in the strengthening of Mexico's recovery.

The possibilities for expansion toward Mexico are very favorable, because Catalonia represents one-fourth of Spain's national production and is one of the regions with the highest industrial development within the EU countries, Pujol said.

Hours before the meeting with Zedillo, Catalonian businessmen met with Mexican business leaders, including Hector Larios Santillan, Emilio Azcarraga Milmo, Claudio X. Gonzalez, Jose Madariaga Lomelin, Carlos Slim, and Romulo O'Farril.

Zedillo will conclude his visit to Spain on 28 January and will then travel to London to continue the tour, which includes Rome (Italy), the Vatican, and the Swiss city of Davos, where he will participate in the World Economic Forum.

Zedillo Calls on Britain To Invest in Mexico

MS3001151696 London THE TIMES in English 30 Jan 96 p 9

[Report by Michael Binyon: "Mexico Tells Britain To Take Business Chances"]

[FBIS Transcribed Excerpt] President Zedillo of Mexico, in a clear attempt to reduce the overwhelming influence of the United States on his country, called on John Major yesterday to urge Britain to seize the opportunities opened up by Mexican political and economic reforms.

In talks and a luncheon at Downing Street that focused largely on economic links between the two countries President Zedillo outlined Mexico's long-term projects and the steps taken to stabilise the economy since the catastrophic collapse of the peso when he came to office a year ago. He hopes British financial institutions will underpin recovering investor confidence and boost investment in Mexico, and that the City will play a greater role in Mexico's affairs.

Mr Major spoke of the need for British business to play a larger role in Mexico's economy. Before meeting Mr Major, Senor Zedillo tried to allay British fears of political instability by giving assurances that a new, more democratic framework would be drawn up for Mexican congressional elections next year and that the central Government would do more to satisfy the demands of the poor peasants which have led to revolt by Zapatista guerrillas.

Senor Zedillo also told Mr Major that Mexico was now able to repay its short-term debts, that last year saw the fewest strikes for 20 years, that Mexico would continue privatisation and would do whatever was needed to protect its banking sector. [passage omitted]

Mexican Consumer Defense Official: Price Hikes Continue

PA3001231996 Mexico City LA JORNADA in Spanish 29 Jan 96 p 49

[Report by Patricia Munoz Rios]

[FBIS Translated Text] Far from implementing any cuts in the list of basic goods as promised by the Commerce and Industrial Development Secretariat (Secofi), the price of milk, sugar-based products, sausages, perishable items, meats, and other food items continue to rise.

Arturo Lomeli, president of the National Association of Studies for the Consumers' Defense [Anedec], made the previous announcement and stipulated that the "Basic Goods Price Cuts Program" agreed upon between Secofi and commercial establishments "had remained on paper."

To date, the program has not materialized, and the commercial establishments are not yet clear as to when it will be put into effect. In addition, there is also confusion with respect to the manner in which it should operate, since it would seem there is no concrete commitments, just "goodwill."

Despite the document signed at the Alliance for Economic Recovery [APRE], which points out that price cuts will be implemented as of the first quarter of 1996 and that the agreement was signed on 18 January, 10 days afterwards the Anedec contends that "it has detected only one price cut announcement at a single store and only during one day period," but that it was too difficult to determine if it had been part of the price cut program or of a special sale.

If the authorities are committed to providing credibility to this so-called price cut program, it would have to publish the list of goods and stores taking part in the plan since, otherwise, there would be much confusion with the everyday price sales, the Anedec president indicated.

On the other hand, a price increase in perishable goods such as potatoes, onions, garlic, apples, pears, and so forth, has been detected, as well as in sugar byproducts, the price of which has increased nearly 30 percent. Therefore, a drastic price increase of precooked items such as bread and pastries is expected.

Lomeli cautioned that a new increase in the price of several brands of sausages and meats had taken place, most of all in "fine cuts," the price of which always tends to increase after sale of the item in bulk becomes more expensive.

Pressure to raise the official price of tortillas continues, and in the rural areas the official price is being ignored and is being sold at 2 and 2.50 pesos per kilogram, Lomeli stipulated.

Lomeli claims that Secofi and business organizations agreed to launch the program but not to make it a reality. He points out that consumers should be on the alert so that announced price cuts not be applied to low quality items.

He said that the benefits of this program are uncertain, even though it includes the entire self-service system, because only 40 percent of the population has regular access to it. The rest of the population makes its purchases in retail stores that sell their wares at very high prices.

Closures and Fines

The Office of the Federal Attorney for Consumers (Profeco) reported yesterday that it had had given out 659 tickets to commercial and service companies that made "unjustified price increases" during the past end-of-year season.

Most of the cases were for 15 percent price increases, but special cases were also detected. For example: cornmeal (77 percent), peanuts (82 percent), chili tree [chile de arbol] (70 percent), cider (50 percent), and cold meats (30 percent).

Roundup of Mexican Economic Developments Through 29 Jan

PA3001162396

[FBIS Report] The following is a compilation of reports on economic developments in Mexico monitored through 29 January.

According to a Zacatecas, 23 January datelined item, Belizean Ambassador in Mexico Alfredo Martinez, announced today that commercial exchange between both nations fluctuates somewhere between $40 and $50 million annually. The ambassador acknowledged that Mexico contributes 10 times more goods that Belize "a fact that can be attributed to the differences between both nation's economic development." The diplomat added that talks are currently underway aimed at subscribing an economic complementary agreement between both countries that will allow Mexican goods easier access to Belize and vice versa. (Mexico City NOTIMEX in Spanish 2319 GMT 23 Jan 96)

Recent figures disclosed by the Bank of Mexico shows that tomato exports increased to $549.2 million between the January - November 1995 period, which meant a 52-percent increase with respect to the same period during 1994. However, the recent protection granted to U.S. tomato growers with respect to Mexican exports will most likely limit Mexico's agriculture sector revenue as well as cause more unemployment. Estimates released by the Support and Services to Agriculture-Livestock Commercialization (Aserca) contends that should a tomato trade war break out between Mexico and the United States, it could result in nearly 500,000 jobs being lost in Mexico. (Mexico City EL FINANCIERO (ANALISIS Supplement) in Spanish 22 Jan 96 p 22A)

Retails car sales in Mexico during 1995 (including imports) amounted to 226,980 units, an amount 57.6-percent less than the 535,735 vehicles sold during 1994, according to a report unveiled by the Mexican Association of Vehicle Distributors (AMDA). Nissan Mexico was the domestic distributor with the most sales during 1995 with 52,401 units, followed closely by General Motors with 47,832 units. On the other hand, Volkswagen recorded the sharpest sale decline between 1995 and 1994 with 72.2 percent, followed by Chrysler with 61.8 percent. (Mexico City EL FINANCIERO (ANALISIS Supplement) in Spanish 22 Jan 96 p 25 A)

A report released by the Finance Secretariat, according to a Mexico City, 22 January datelined item, shows that during the January - December 1995 period Mexico recorded a trade surplus, the first since 1989, amounting to $7.387 billion. The Finance Secretariat explained that exports during 1995 totalled $79.890 billion, while imports ended the year at $72.493 billion. The report also explains that the growth in exports during 1995 was 31.2 percent, the highest growth recorded since 1980 when exports were sharply affected by the increase in the international price of crude oil. The manufacturing sector exported $5.705 billion during the month of December, in other words, 32.9 percent more than during December 1994. (Mexico City NOTIMEX in Spanish 1925 GMT 22 Jan 96)

According to a Mexico City datelined report, the country's assembly plants will export approximately $37 billion, becoming a key sector in the national economy. It was reported that during the first 10 months of 1995 the sector registered an annual growth of 10.9 percent in real terms, compared to the same period in 1994. (Mexico City NOTIMEX in Spanish 2349 GMT 23 Jan 96)

Raul Avila Baez, president of the National Council of the Assembly Plant Industry for Exports, has said that although in 1995 this sector created more than 130,000 jobs in Mexico and by the end of the year will have generated $7.2 billion in foreign exchange, only 1.5 percent of the component parts it uses are made in Mexico, while the rest is imported. (Mexico City LA JORNADA in Spanish 23 Jan 96 p 48)

The National Finance Bank, Nafin, will increase its presence in foreign markets by structuring marketing operations in order to expand its platform for investments, reduce costs, extend deadlines for payment, and open new markets. This was announced by Carlos Mendoza Valencia, Nafin's assistant financial director. (Mexico City EL FINANCIERO in Spanish 23 Jan 96 p 11)

The Mexican Securities Exchange established a new record on 22 January, when the value of the peso per dollar increased and secondary interest rates were adjusted to more realistic levels. The BMV's main indicator closed with a gain of 29.06 points. (Mexico City EL FINANCIERO in Spanish 23 Jan 96 p 7)

The domestic sugar production experienced an annual increase of 16.7 percent in 1995, when it amounted to 4.28 million tons. According to projections by the Sugar Agro-industry Committee, a growth of 2.8 percent has been predicted for 1996. Sugar exports experienced a boom, as they jumped from $352,000 in 1994 to $85.804 in 1995, that is, exports grew 294 times, whereas imports dropped to only one quarter of the purchases made in 1994. Consequently, the sugar trade balance presents a surplus of $85.804 billion. To a great extent, this export peak is due to the substantial change in the exchange rate and the policy of sugar prices in the international market. (Mexico City EL FINANCIERO (ANALISIS Supplement) in Spanish 23 Jan 96 p 2A)

Monterrey's Protexa industrial group launched this month a project at the Mexican Petroleum refinery of Cadereyta, Nuevo Leon, to build a petrochemical complex, whose investment will amount to as much as $1 billion. The construction of this new complex will take three years and contemplates the establishment of 11 new plants, which will enable the said refinery to increase its production by approximately 115 percent. Protexa indicated that the additional production will be assigned to meet domestic needs so as to decrease dependence on imported products. The group added that Mexico will save $618 million annually by reducing its gasoline imports. (Mexico City LA JORNADA in Spanish 24 Jan 96 p 50)

Treasury Certificates, CETES, returned today to the yield level reached in January 1995: 37 percent. The leading rate for 28-day CETES currently pays 37.2 percent. The level of international reserves also registered a variation compared to 1995. According to the announcement made the Bank of Mexico this morning, international reserves climbed from $3.483 billion in January 1995 to approximately $16 billion in January 1996. (Mexico City XEW Television Network in Spanish 0400 GMT 24 Jan 96)

Construction companies have reportedly begun selling 50 percent of their machinery at half price in order to obtain resources to survive while the construction industry picks up again. According to the National Chamber of the Construction Industry, CNIC, the critical situation has led to the closing of 600 firms and the paralyzation of about 7,000 others. It has been estimated that the construction industry in 1995 declined by 26.3 percent, 33 percent higher than estimated. This resulted in a 20-percent accumulated reduction in the sector, although in terms value production declined by 50 percent. (Mexico City LA JORNADA in Spanish 25 Jan 96 p 43)

The National Finance Bank (Nafin) will reportedly launch a program to assist medium- and small-sized manufacturing companies. Nafin Director Gilberto Borja explained 49 billion pesos will be used to finance 20,000 small- and medium—sized companies. The official noted, however, that Nafin will not take part in any program to bail large corporations out of trouble. He confirmed the existence of a government plan to support large corporations with high debts. (Mexico City LA JORNADA in Spanish 25 Jan 96 p 46)

Mexican Telephone Co. (Telmex) has announced the introduction of a data public network under the name of UniNet in the market. He said this is the result of the development of its fiber optics network, in which Telmex has invested $11 million after the privatization. It has been announced Telmex will seek to attract large corporations into the service, while estimates indicate that in its first stage, 50 of the 500 largest companies in the country will begin to use this service. (Mexico City EL FINANCIERO in Spanish 25 Jan 96 p 11)

The under secretary of finance has said 15 million Mexicans are living under extreme poverty conditions. The official stated that to achieve economic reactivation, the Federal Government will use up 44 percent of public spending scheduled for 1996. This is equal to 169.840 billion pesos, the official noted. He added that in the next five years the government will maintain a policy of permanent austerity with regard to public spending. He explained that this year's spending totals 386 billion pesos, namely a 1 percent drop with respect to spending in 1995. The official concluded by saying the government is currently analyzing subsidies — which amount to 1.5 percent of the Gross Domestic Product — to eliminate those that are not justified. (Mexico City XEW Television Network in Spanish 0400 GMT 26 Jan 96)

Honduras

Honduran President Calls For Stronger Democracy

PA3001224096 Tegucigalpa Voz de Honduras Network in Spanish 1145 GMT 26 Jan 96

[Address by President Roberto Reina at the opening of the third legislature of the National Congress in Tegucigalpa on 25 January; from "The Morning Paper" newscast — recorded]

[FBIS Translated Text] Universal, direct, and secret voting is not just a good government principle. It is the basis of political life, of democracy. This form of coexistence, which now exists in much of the world, must be extended to all spheres of social life. It must be promoted within the family and be taught by the schools, society must implement it, and all institutions must respect them because this is what democratic culture and an education for peace and liberty means. No liberty envisaged in our Constitution will be safe as long as democracy is not a daily affair at all levels.

A lawful state, a product of legislative wisdom and of prompt and fair judicial action, is beginning to clearly emerge in our country through the strengthening of the Supreme Court of Justice, the Prosecutor General's Office, and other institutions responsible for safeguarding the rights of the people and their property.

Respect for human rights, a symbol of conscientious government performance, is a priority of national life. This is made evident by the work carried out to clear violations against citizens. Those who demand that criminals be tried have every reason to do that, but the process must take place within the current legal framework, thus keeping passions from turning justice into a vendetta.

The organization of social life to consolidate government work is not sufficient to guarantee to the Hondurans the enjoyment of justice, liberty, culture, and well-being, as the Constitution orders. It is necessary to strengthen democracy, to make it compatible with popular aspirations, and to realize that good government means less poverty and the generalization of justice.

In this report to the National Congress, we list what we have done in these directions: the war on poverty and the promotion of justice. Article 5 of the Constitution establishes that the government must be based on participative democracy.

The National Convergence Council was created in 1955. This convergence movement was headed by the president and its members include representatives of various public and private organizations and prominent Honduran personalities. The new forum filled the need for a dialogue among the Hondurans and set in motion the social project we all want.

Convergence is a process to unite people in support of an agreed- upon plan; it is a consensus government where development variables may interact to produce general social progress in the country.

Convergence is the Opus Magna of the Honduran people, regardless of political affiliation or social position. Through convergence we will be able to give the fatherland its ultimate meaning and express the worth we see in it, above political considerations. This is why convergence is a duty, not a political tool. The fruits of convergence are beginning to be seen. The form and flexibility of its agenda permits waiting for a gradual formation of a national plan reached through agreements on central issues among the most important promoters of national development.

Honduran National Assembly President Opens Legislature

PA3001224496 San Pedro Sula LA PRENSA in Spanish 26 Jan 96 p 17A

[FBIS Translated Text] In a message full of hope and optimism for the Honduran people, National Assembly President Carlos Flores has reaffirmed his pledge to the country that the government will not approve any additional tax burdens or excessive public service raises. "We will rather seek to lower those already in existence because we believe there are other, more creative alternatives which can give impetus to and encourage investment and national production instead of restricting them," Flores told the opening of the National Assembly's third legislature yesterday.

Flores reported that an opinion has already been drafted for the Tax Code but that its debate will take place simultaneously with a search for a new tax structure that makes it possible to diminish the tax burden on the Honduran people. "We believe the revenue required by the government should be guaranteed not by bigger taxes but by greater efficiency in collecting those already in existence and honest management. They should invest them in the purpose for which they were alloted," he added.

He said that part of this overall scheme deals with a different approach to the public administration, which will also be discussed in this legislature, for a more efficient government and in accordance with the purpose of modernizing the government.

Toward the Positive and Feasible

Flores said that in Honduras, a country fully on its way to economic globalization and modernization, the National Assembly guarantees an open door to economic and financial possibilities so that the next few years can be better. "We wish to make good this commitment but with our mind set on reality. We are not offering impossible bonanzas or groundless expectations because people are disappointed when the government fails to report the true situation and how far it can go," he added.

He went on to say that nothing comes from heaven. Neither the foreign financing nor the fact that the country enjoys a positive cash flow for the first time in many years, that the fiscal deficit has been drastically reduced, or that this is the greatest opportunity to revert everything negative can guarantee a better outlook. "We will not succeed unless the Honduran people make a commitment with the homeland, for the sake of it, to work harder, give more than we demand, and take a positive and different stance regarding the challenges of the present life, both here and abroad."

Flores pointed out: "We will cease to be beggars in the world community and instead become the forgers of our own lives and destinies only when we assume our own responsibility as a nation and as individuals." Love for the homeland and care for the resources and the way we use them cannot be delegated on foreigners or entrusted to others because this is the Honduran people's exclusive responsibility. The struggle against corruption, poor management, defeatism, and whining "is ours only and not of compassionate international advisers. Of course, we must change our minds to the positive and feasible. We should neither rise up so high that we cannot land nor keep on crawling immersed in powerlessness and lack of faith."

He said that both extremes hamper the forging of a strong, sovereign, and free nationality that makes it possible to capitalize on all of the country's resources and potential, even in the absence of a group of foreign sponsors who take the people by their hands and have even to teach them how to love their homeland.

Bloated Bureaucracy

Flores criticized the abusive behavior of some arrogant and heartless municipalities which attempt to exact taxes beyond the taxpayers' true possibilities. He also disagreed with the Honduran people continuing to bear the burden of government inefficiency caused by a bloated bureaucracy, little inclined to understanding that a government official is a server of the people rather than an arbitrary master.

"In addition, it is unfair that our people have to pay for corruption and the poor use of public funds, regardless of the administrative term where such shameful actions have taken place," he said.

Honduran Official: Amnesty Decree Includes Military

PA3001142796 San Pedro Sula TIEMPO in Spanish 26 Jan 96 p 9

[FBIS Translated Text] Tegucigalpa — National Congress Vice President Jorge Arturo Reina has described as legitimate the demands a group of protesters made yesterday at the National Congress. He also insisted that the Amnesty Decree, which he drafted, includes Armed Forces officers.

Reina made these statements to reporters following the closing of the acts opening the third legislature of the National Congress. At the same time, a group of workers staged a protest against the high cost of living.

"There was no protest; there were petitions — many of which were legitimate," Reina pointed out as he referred to the demonstrations workers held in downtown Tegucigalpa. He was asked about the amnesty, and he said that it is not that he is aware that the amnesty includes the military or not, but there are incidents contemplated by the law. "He says that because it is not a matter of opinions; when there are several tangible cases, as in this case, the judge has to look into each one of them to determine who qualifies and who does not."

As he recalled that in the mid 1960's, there were discussions on an amnesty that intended to exclude leftists, he affirmed that a discriminatory amnesty loses the human aspects behind every process of reconciliation.

A reporter asked him if he had planted bombs, and he jokingly responded: "I have planted several bombs; that is, intellectual bombs, which are more violent and stronger and the repercussions of which are more visible. Another reporter asked him if he had planted the bomb of the departure of Mario Maldonado Munoz, Hondutel [Honduran Telecommunications Enterprise] manager; Reina retorted: "I did not plan that bomb."

Honduran Army Chief on Defending Fugitive Officers

PA3001145496 San Pedro Sula TIEMPO in Spanish 26 Jan 96 p 6

[Report by Daniel Serrano]

[FBIS Translated Text] Tegucigalpa — Army Chief Mario Hung Pacheco yesterday said that "the least" any Armed Forces member can do is to defend the officers charged with the forced disappearances of people. Questioned if he was going to defend the officers who have been charged with forced disappearances, Hung said: "That is the least any Armed Forces member can do. The only thing on which we have to be clear is that the Supreme Court of Justice ruled on the proceedings (regarding the amnesty), not on the matter itself."

Hung, who will be sworn in today as the new Armed Forces chief, admitted that he will support the accused officers morally and economically. However, he affirmed that the Armed Forces cannot turn over the fugitive officers, because they are not in their hands. "They are not in our hands, because we would be disobeying the laws of the Republic... they sought their own defending counsels, and that is an individual choice."

"The Armed Forces do not have to turn them over, because they are not in our hands; many of them were discharged, and many others are on leave of absence. I am not looking for them, because it is not my duty," Hung explained.

On another subject, he said that he does not know if current Armed Forces Chief General Luis Alonso Discua Elvir will be appointed as delegate to the UN Security Council. However, Hung pointed out that once Gen. Discua ends his term, he will remain in the Armed Forces as an adviser.

Concluding, Hung affirmed that he already has the appointments and discharges that will place tomorrow at the core of the military. However, he opted not to give details.

Honduran Congress Swears In New Armed Forces Commander

PA3001130196 Mexico City NOTIMEX in Spanish 2046 GMT 26 Jan 96

[Report by Miriam Mercado]

[FBIS Translated Text] Tegucigalpa, 26 Jan (NOTIMEX) — General Mario Hung Pacheco, an expert in psychological warfare who is considered to be a "hardline" officer, was sworn in as new chief of the Honduran Armed Forces before the members of the National Congress today.

The new military chief is 49 years old and has taken special courses in psychological warfare in Taiwan. He will also be the last chief of the armed institution because legislators are currently working on a bill that will eliminate this position.

The command of military institutions will be assigned to the defense minister who is currently relegated to keeping merely administrative tasks, according to what has been said by parliamentarians who are working on the bill.

Hung Pacheco replaces Division General Luis Alonso Discua Elvir. During the latter's five-year term, the process to transfer the management of the police, the Honduran Telecommunications Enterprise (Hondutel), and the Merchant Marine to civilians was initiated.

The process to demilitarize society was also expedited during Discua Elvir's tenure and the Civil Aeronautics Office and the Migratory Policy Directorate, which were managed by the military institution, passed to civilians hands.

Honduran President Carlos Roberto Reina announced last week that Discua Elvir will be sent as an alternate ambassador to the United Nations. Local analysts have interpreted this appointment as a reward for the officer's work.

In past years, the Armed Forces have been considered as the "real power" in Honduras. This has allowed the uniformed to buy banks, financial, cement, and shrimp companies, funeral parlors, and cemeteries, among many other businesses.

Hung Pacheco assumes the military command at a time when the future of the military institution is uncertain, when the United States has drastically reduced its yearly military assistance allotment, and when the civilians have lost their fear of military arrogance.

"The police force has the profile of all the journalists," stated the then-controversial Colonel Hung Pacheco in 1993, when he was commander of the Public Security Force (Fusep — military police.) This statement generated the censure of the journalists.

Currently, Hung Pacheco assumes the military command when there is a generalized demand, including by the Catholic Church, for the military personnel, who were involved in human rights violations during the past decade, to be tried by courts of justice.

The officer, who has been Fusep commander and chief of the Army Force, is also a law graduate from the National Autonomous University of Honduras (UNAH).

The Honduran Armed Forces is divided into four corps: Public Security Force, Army Force, Navy Force, and the Air Force.

After being sworn in, the new military commander underscored that at the helm of the institution he will work to "strengthen the democratic system in which we have lived because we believe it is the best."

Nicaragua

Nicaraguan Students Hold Foreign Envoys Hostage

BK3101040396 Islamabad Radio Pakistan Network in English 0300 GMT 31 Jan 96

[FBIS Transcribed Text] In Nicaragua, the ambassadors of Pakistan, the Philippines, and the Canadian consul were taken hostage in Managua by Nicaraguan students. Some 300 Nicaraguan students burst into the Foreign Ministry where the Nicaraguan foreign minister was to hold meetings with the foreign diplomats. The Nicaraguan police chief said police have surrounded the building and the students have agreed to leave within hours.

[Hong Kong AFP in English at 0321 GMT on 31 Jan in a Managua-dateline report adds: "The ambassadors of Pakistan and the Philippines walked out of Nicaragua's Foreign Ministry Tuesday after being held for hours by some 300 armed students demanding increases in education spending.

["About 100 riot police in bullet-proof vests surrounded the building and were demanding the students leave the ministry immediately and unconditionally.

["The students allowed women to leave the ministry but were holding other men inside. The exact number of people still held hostage was not known.

["Pakistani Ambassador Manzar Shafiq said on leaving the building at 8:30 p. m. (0230 GMT Wednesday) with Philippine Ambassador Clemencio Montesa that there were no diplomats left in the building.

["That appeared to conflict with ministry sources' reports saying the youths also were holding Bolivian Ambassador Mario Cossio, a commercial attache with the Canadian embassy whom authorities did not identify, and Philippine consul Alfredo Lacayo."]

Nicaraguan Students Occupy Foreign Ministry, Negotiate

PA3101043396 Mexico City NOTIMEX in Spanish 0255 GMT 31 Jan 96

[FBIS Translated Text] Managua, 30 Jan (NOTIMEX) — Nicaraguan Foreign Relations Minister Ernesto Leal is heading negotiations to evacuate the headquarters of the Nicaraguan Foreign Relations Ministry, which was occupied on the afternoon of 30 January by a group of students demanding a higher budget for education.

Leal is in the building, where there are at least two ambassadors, Manzar Shafiq of Pakistan and Clemencio Montesa of the Philippines, a diplomatic source pointed out.

Managua Police Chief Commander Pedro Aguilar is participating in the negotiations, after the students allowed him to enter the building for this purpose, the source added.

The informant pointed out that the Foreign Ministry occupants allowed an undertermined number of women — ministerial personnel and public servants — who were inside the building at the time of the occupation to leave.

The source did not say whether the students clarified the status of persons who are in the building, that is, if they are being retained or if they are hostages.

Meanwhile, President Violeta Chamorro and Presidency Minister Julio Cardenas are meeting at the headquarters of the executive branch and waiting for a solution to the problem.

About 50 students entered the Ministry at 1520 (2220 GMT) to support the demand that a bigger budget be assigned to state universities, Foreign Ministry spokesman David Silva stated.

The students arrived there armed with homemade mortars, although they noted they this was a peaceful occupation of the building, Silva added.

The occupants will reportedly leave at 2000 (0300 GMT) on 31 January, but they will extend the occupation should the presence of policemen near the building be detected at that time, the government source noted.

The students' demand for a bigger university budget unleashed street disturbances on 13 December that left two dead and more than 40 injured.

The students and the government are clashing over the way to determine the 6 percent of the national budget that subsidized universities should receive by virtue of a constitutional provision.

The students maintain that this year's figure should be about $35 million, but the government argues that it should be about $25 million.

[Mexico City NOTIMEX in Spanish at 0314 GMT on 31 January adds in a Managua-datelined item: "The ambassadors of Pakistan and the Philippines, Manzar Shafiq and Clemencio Montesa, respectively, on the evening of 30 January abandoned the Nicaraguan Foreign Ministry, which is still occupied by university students. This information was supplied by Ernesto Medina, president of the National Council of Universities of Nicaragua.]

Student-Held Hostages in Nicaragua Released

BK3101063596 Islamabad Radio Pakistan Network in English 0500 GMT 31 Jan 96

[FBIS Transcribed Text] The ambassadors of Pakistan and the Philippines walked out of Nicaragua's Foreign Ministry in Managua after being held for hours by some 300 armed students demanding increase in education spending by the government. The Pakistani ambassador, Mr. Manzar Shafiq, had gone to the Foreign Ministry to hold a meeting with the Nicaraguan foreign minister.

Nicaragua's Aleman Describes Motorcade Attack

PA3001123696 Managua EL NUEVO DIARIO in Spanish 26 Jan 96 pp 1, 8

[FBIS Translated Text] Arnoldo Aleman asserts that the people who intercepted his motorcade were dressed in olive green garb and carried red and black handkerchiefs, even though the Police version regarding the attack on the Liberal Alliance motorcade indicates the perpetrators were members of criminal groups that operate in the northern part of the country, and even though PLC [Constitutional Liberal Party] Secretary Jose Rizo and Heriberto Gadea identified the man who first stopped the vehicles — a leader known as "Lobo." Despite all this, Aleman said anyone can use a handkerchief with the aforementioned colors.

Despite the explanation, the former Managua mayor has maliciously sown the seeds of doubt by implying his attackers could have been Sandinists. His publicity chief Luis Mora also repeated the version about the red and black handkerchiefs.

In a news conference held at the PLC campaign headquarters, Aleman emphasized that the current government offered a lot to the resistance and National Army members for their demobilization, but it has failed to fulfill its pledges.

He said the government lacks the capacity to positively solve this. "The peace that was much publicized as a great achievement by the current regime only exists in Managua," the candidate stated. He was traveling in the motorcade that was intercepted between Quilali and Wiwili, Nueva Segovia Department.

Aleman added that the Army has failed to fulfill its role of giving stability to the country's citizens. "It is time the government adopted a firm decision to rule; the Army should be given a firm role so it may offer security to the population," he said.

He added that, whether or not it involved criminal bands, the Army has the same responsibility. "We cannot forge ahead with an Army that is only there to take courses and seminars," he said.

The news conference was also attended by the PLC campaign chief, Engineer Enrique Bolanos, and Roberto Herrera, who is also a party leader.

Enrique Bolanos explained how it all happened. He also said that when he was coming back with the injured a Juigalpa cattleman who was at the Quilali Police station told him he came across an Army patrol led by an officer who said "that jerk, Aleman, will come through at such and such a time" and they should warn the "boys."

Among other things, they announced Heriberto Garcia Mantilla's operation at the Baptist Hospital was a success and tomorrow he would attend the funerals of the bodyguard who was killed in the attack.

[Managua BARRICADA in Spanish on 26 January published on pages 1 and 8 a 450-word report by Mario Sanchez Paz on the event. The report indicates "Government Minister Sergio Narvaez and Santos Orlando Siles Gonzalez, Assistant Police Chief in Ocotal, asserted that the band led by El Lobo, second lieutenant of El Charro, was the one which ambushed Arnoldo Aleman's motorcade on Thursday morning with the intention of perpetrating a robbery. El Lobo and a group of 12 armed men intercepted Aleman at approximately 1030 on the road between Quilali and Wiwili, exactly at the settlement of Los Cocos, El Jobo jurisdiction, 13 km southeast of Wiwili, Nueva Guinea Department. The attack on Aleman and his motorcade of PLC politicians was repelled by a National Police patrol from Ocotal that accompanied the delegation."]

Argentina

U.S. Officials Discuss Alleged IBM Crimes in Argentinia

PY3101022596 Buenos Aires NOTICIAS ARGENTINAS in Spanish 1127 GMT 30 Jan 96

[FBIS Translated Text] Buenos Aires, 30 Jan (NA) — Three Federal Bureau of Investigation (FBI) agents, a district attorney from New York city, and U.S. Securities [and Exchange] Commission representatives have met Judge Adolfo Bagnasco to exchange data on alleged irregularities committed in the National Bank's contracting of the IBM [International Business Machines] company.

The U.S. delegation is interested in the so-called "Centenario Project," as it is investigating alleged wrongdoings by the multinational information science company.

U.S. laws contemplate punishment for U.S. companies that commit wrongdoings abroad, with the goal of securing a contract.

Concerning this case, Bagnasco pointed out that regular data exchanges between the Argentine courts and FBI agents and other U.S. investigators would be implemented.

These data exchanges would be implemented through the channels established in the reciprocity agreements ruling the relationship between the Argentine Justice Ministry and the U.S. Department of Justice.

The investigation is aimed at determining the existence of alleged irregularities in the contracting of a computer system for the National Bank's 525 branch offices and a "support" system for replacing the original system when it fails.

The computer system's original price was 250 million pesos, but the courts are trying to determine the alleged existence of "kickbacks" totaling about 37 million pesos.

Government attorneys involved in this case believe that of the 37 million pesos, 10 million pesos reportedly has already been paid and has been deposited in a Swiss bank account.

The scandal prompted by the "Centenario Project" already has caused the resignation of former National Bank chairman Aldo Dadone, his inner circle, and IBM's former top executives in Argentina.

Argentinian Ministry 'To Bar' Iranian Legal Action

PY3101022996 Buenos Aires CLARIN in Spanish 29 Jan 96 p 6

[Report by Pablo Calvo]

[FBIS Translated Excerpt] Vice Foreign Minister Fernando Petrella told CLARIN last night that, for the time being, the Foreign Ministry has managed to bar legal action by the Iranian Government, involving an Argentine breach of an $18-million contract for selling nuclear technology to that country.

The conflict began four years ago when the Argentine authorities — under U.S. pressure — stopped at the port of Buenos Aires a shipment of components for a pilot plant capable of enriching uranium and processing fuel elements.

The Iranian reaction did not take long. On 8 February 1992, Reza Amrollahi, then Atomic Energy Organization [Organizacion de Energia Atomica] director, raised the Iranian Government's first argument, emphasizing that the components denied by Argentina were going to be used exclusively for peaceful purposes, and not for military uses, as suspected by local diplomats. Ever since, Iran has been threatening to pursue a compensatory lawsuit to the bitter end.

Careful Moves

Argentina is willing to pay compensation for not having fulfilled the contract. Nevertheless, the talks are not being held between the two governments, but between the companies that signed it. The Argentine company involved is Applied Research Institute (Invap). It is based in [San Carlos de] Bariloche and is under the National Commission for Atomic Energy and the Rio Negro executive branch. [passage omitted]

Argentina's Menem To Meet With 'Arafat in Switzerland

PY3101004396 Buenos Aires NOTICIAS ARGENTINAS in Spanish 1241 GMT 30 Jan 96

[FBIS Translated Excerpt] Buenos Aires, 30 Jan (NA) — President Carlos Menem and recently elected Palestine President Yasir 'Arafat will meet in the Swiss city of Davos on 3 February to decide the final details of the state visit the president of the new state in the Middle East will make to Argentina in March.

This information was announced today by Alberto Kohan [secretary general of the presidency], who added that he also handed a letter from Menem to Israeli Prime Minister Shi'mon Peres. In it, the Argentine head of state "confirms Argentina's will to further peace." [passage omitted]

Commenting on his audience with the Israeli prime minister, Kohan denied having mentioned the attacks on the Israeli Embassy in Buenos Aires or on the AMIA [Argentine-Israeli Mutual Association] headquarters because "that was not the purpose of the meeting."

Kohan added that this subject was mooted at meetings he held with different sectors of the Israeli community. He said: "They are all aware that we continue to work with great dedication and resoluteness" to discover the perpetrators of the two terrorist attacks that profoundly shocked Argentina in 1992 and 1994.

The secretary general of the presidency acknowledged that the Israelis "constantly inquire" about the attacks, but insisted that he did not discuss the attacks with Peres.

Furthermore, Kohan challenged allegations that the reason for his visit to Israel was to propose Menem's candidacy for the Nobel Peace Prize. He did underscore the Argentine president's "unequivocal" crusade for peace "using a pacified Argentine as a starting-point."

Having enumerated proposals for the peaceful settlement of international conflicts by the Argentine Government, Kohan said: "This has not been discovered just now; President Menem has always been imbued with the desire to work for peace."

The secretary general of the presidency denied having discussed 'Arafat's visit to Buenos Aires during his audience with Peres. Kohan said "it was not appropriate" for the occasion. He reported that the Palestine head of state will meet with his Argentine counterpart in Davos, Switzerland, to "discuss issues pertaining to the former's visit to Argentina." [passage omitted]

Argentina's La Rioja, PRC Sign Contract on Equipment

PY3001153596 Buenos Aires TELAM in Spanish 1816 GMT 29 Jan 96

[FBIS Translated Text] Buenos Aires, 29 Jan (TELAM) — The PRC will grant La Rioja Province a loan of almost $8 million to purchase road maintenance equipment. This is the first commercial transaction between the province and China ever.

The contract was signed by Chinese Vice Premier Zhu Rongji, who is visiting Argentina, and La Rioja Governor Angel Maza during a ceremony in this capital this morning.

The agreement was the result of negotiations that started during a tour President Carlos Menem and a commercial delegation carried out in China last year.

Governor Maza said the machinery will be distributed among the municipalities, according to the needs, for use by producer consortiums in agricultural projects and roads maintenance.

"We are purchasing agricultural machinery at convenient prices. We expect that the work of La Rioja producers will become more efficient," Maza said stressing that "this is how changes are implemented."

Maza explained that his administration is reorganizing its spending, balancing its finances, and working on creating new jobs.

"We think it is possible to create new job opportunities in this economic context. If we can bring some order to the public administration, giving a certain margin of stability to investments it will be possible to encourage economic activities in the province's interior and marginal zones, Maza said.

The governor stressed that there are similarities between Argentina and China. "We are two equally developing nations and our economies complement each other."

The loan amounts to $7,807,842 and the contract establishes that La Rioja Province must pay in National Bank bonds 15 percent of that amount within 30 days of the signing of the agreement.

China will send the first batch of machines after this condition is fulfilled.

Among the wide variety of machines included in the agreement are 110 different model tractors, 13 mechanical shovels, 18 bulldozers, and 46 different model graders.

The document signed today says that the country selling the machines or the authorized agent must install a service and maintenance center in La Rioja city and keep a stock of spare parts for five years after the purchase. China promised to train the personnel to maintain the new machinery.

IMF Approves Argentina's Economic Report, Loans

PY3101004296 Buenos Aires CLARIN in Spanish 27 Jan 96 p 14

[FBIS Translated Text] "Argentina fulfilled the agreement's main goals." With these words, Tomas Reichman, who is heading the IMF delegation that is visiting Argentina, announced yesterday that the IMF approved Argentina's report on the 1995 fiscal year, despite the fact that the fiscal deficit was 144.5 million pesos higher than expected.

Reichman said "there will not be any problems" approving a new loan to Argentina for 1996. The official made these announcements yesterday morning after a three hour meeting with Economy Minister Domingo Cavallo at the Economy Ministry.

Reichman chose his words carefully when talking to journalists about the meeting. He respected the usual routine of talking only about good news without making evaluations that could affect any upcoming discussion.

"The general feeling in the delegation is that the overall behavior of the Argentine economy during 1995 was satisfactory," Reichman said. The official added that "the country made a great effort to extricate itself from crisis given the difficult conditions that existed last year and independent of whether each one of the goals was fulfilled."

The official indulged in only one suggestion for the future. It referred to the VAT rate.

"It does not seem to me very appropriate to balance the country's fiscal accounts with other taxes if the VAT rate is lowered to 18 percent. I would rather see a larger cut in public spending," Reichman said.

The official did not want to comment further about prospects for 1996. "We are just starting to work on the initial draft to see what kind of understanding and program we will have and for how long," Reichman said.

So far speculation centers on an $800 million "stand by" for one year, although the Economy Ministry still hopes to get a new $1 billion "extended facility" covering three years.

The visitor refused to elaborate on measures that should be implemented to have access to the new program that will replace the old one that ends on 31 March. "Our interest is to see results consistent with the macroeconomic conditions necessary in the country, but how to achieve those results is a matter for the political authorities to decide."

With respect to yesterday's meeting with Cavallo, Reichman said: "We had a long discussion. We covered all areas, especially the country's economic performance during 1995. We started talking about a plan for 1996 and Argentina's future with the IMF."

Secretaries Juan Llach and Ricardo Gutierrez, Under Secretaries Dario Braun and Marcos Makon, and the rest of the IMF delegation, which included Marcos Pinon, Eli Kreis, Robert Traa, Jeffrey Schiff, and Louise Catao, also participated in the meeting between Reichman and Cavallo.

Argentinian Cabinet Chief Reports on Pact With IMF

PY3101023296 Buenos Aires NOTICIAS ARGENTINAS in Spanish 1458 GMT 30 Jan 96

[FBIS Translated Text] Buenos Aires, 30 Jan (NA) — Cabinet Chief Eduardo Bauza said today that the IMF "considers that the 1995 fiscal goals have been fulfilled and confirmed its confidence in Argentina."

Bauza made these remarks at the end of a meeting between President Carlos Menem and IMF officials at the Olivos Residence this morning.

Bauza said the meeting was "positive and advantageous," adding that the president confirmed his administration's intention "to deepen the state reform," as well as "to continue the fight on tax evasion and the hiring of illegal workers."

Menem told the IMF officials that the government is committed to continue the process of privatizations and the reform of the state and provincial administrations. Bauza said the foreign mission received the announcement with "interest."

The IMF delegation was headed by Chilean citizen Tomas Reichman, who left the residence without making any comments.

Economic Programming Secretary Juan Llach; Strategic Affairs Secretary Alberto Abad; Carlos Abihaggle, the chief of cabinet's fiscal affairs secretary; and Guillermo Zoccali, Argentine representative to the IMF, participated in the meeting.

"They (referring to the IMF) continue to believe that Argentina is a serious country that has gone through a very important process of political and economic transformation," Bauza said at the end of the meeting.

The chief of cabinet said that "30 provincial banks are in a process of transformation, some of them have been privatized, 17 of them are on their way to being privatized, and five pension funds have been transferred to the nation."

"We have confirmed to the IMF that Congress will analyze the bills on tax and state reform as soon as possible and that we will push for the approval of pending labor bills such as those dealing with allowances and working hours," Bauza said.

The official said that the issue of the VAT rate reduction from 21 percent to 18 percent was not touched during the meeting.

"The VAT rate reduction is an Argentine Government prerogative. The law that will be in effect until 21 April has set the VAT rate at 21 percent. At that time we will analyze whether or not that rate will be reduced," Bauza explained.

The official said that the government assumed the commitment of continuing "the fight against tax evasion and the hiring of illegal workers," adding that President Menem said during the meeting that "he had given instructions to Justice Minister (Rodolfo Barra) to send to Congress a bill establishing penalties for those who employ illegal workers."

"The president said that the government intends to continue the process of privatizations. We have pending the privatization of nuclear plants, the Yacyreta hydroelectric dam, and the airports," Bauza said.

The chief of cabinet said that "the appropriate congressional committee has already issued a report" on the issue of nuclear plants. With respect to the Yacyreta hydroelectric dam, Bauza said that "we are working with senators and deputies to produce an agreement on the dam's privatization."

Argentinian Former Secretary Views Economic Forecasts

PY3101114496 Buenos Aires NOTICIAS ARGENTINAS in Spanish 1505 GMT 27 Jan 96

[FBIS Translated Text] Buenos Aires, 27 Jan (NA) — Economist Juan Alemann asserted today that it will be "very difficult" for Argentina to cut back on the level of public spending estimated for 1996, which is the requisite condition established by the IMF to consent to a reduction in the VAT from 21 to 18 percent advocated by the Menem administration.

The former finance secretary considered that the 1996 budget "has already been considerably pruned," adding that he does not believe "it can be further pruned." Alemann argued that the enactment of the second reform of the state bill is central to guarantee a balanced budget.

The former secretary opposed the reduction of the VAT that the incumbent administration has put forward — which was confirmed by President Carlos Menem himself this week. He suggested looking for other mechanisms to boost the economy, instead.

Alemann alerted that if Congress fails to pass the second reform of the state bill it will put the budget in jeopardy and "terrible things may happen, such as a failure to pay for the supplies the state needs."

The former secretary, speaking on the radio, said this morning: "As things stand now with the budget, this is going to explode. Terrible things can happen, and it will not be possible to even pay wages in some areas."

Alemann claimed that to surmount this problem, it is necessary to cut spending and enact the second reform of the state bill since this will enable the public sector "to save up outlays on unnecessary things to spend money on necessary things."

In addition, Alemann criticized a proposal put forward by the Argentine Industrial Union (UIA) that seeks to increase tariffs levied on some imports by 5 percent so as to increase government revenues. The former secretary contended that such proposal "is impracticable because such a tariff increase must be agreed upon within Mercosur [Common Market of the South]."

"If Argentina raises tariff barriers against third countries, imports from Brazil will expand considerably and Argentina will see its tax revenues shrink even further since products imported from Brazil enter the Argentine market paying zero tariff," he explained.

Alemann further stated that "it is quite difficult to replace the VAT with another tax," adding that Economy Minister Domingo Cavallo's "idea" of "drastically curbing tax evasion is wonderful, but unfeasible in the near future."

The former secretary agreed that "IMF experts will not like the idea" of reducing the VAT and warned that this decision "will render negotiations 'a little more complex' even if Argentina only wants to temporarily reduce the VAT for three or six months to see what happens."

Changing the subject, Alemann was optimistic about Argentina's growth in 1996.

"A GDP growth of 5 percent seems viable," he said adding that Cavallo's self-imposed target is "feasible" even if the VAT is maintained at the present level of 21 percent.

Alemann substantiated his forecast mentioning several factors that will spur growth, namely "a bounce-back effect following last year's recession, uninterrupted investments in very efficient sectors in 1995, and the existence of good foreign markets for Argentine products."

In concluding, the former secretary said that Cavallo "is now in a more advantageous situation because he no longer meddles in politics and works only in his field of expertise, which is what Menem wanted."

Alemann said that this situation gives the economy minister more leeway because "it enables him to discuss purely economic issues and there he gains the upper hand because he can produce more arguments, figures to prove his point whereas he always comes off badly in the field of politics."

Alemann was of the opinion that political circles took "their ease" and no longer dispute with Cavallo since they "have realized that if he leaves they will find themselves in a most serious predicament, they will find nobody to replace him, and even if the do find somebody the change will still be traumatic, so they made their peace with Cavallo."

Argentina's Menem Lauds Economy Minister, Program

PY3101024596 Buenos Aires TELAM in Spanish 1414 GMT 29 Jan 96

[FBIS Translated Text] Buenos Aires, 29 Jan (TELAM) — President Carlos Menem stated today that Domingo Cavallo's five years at the head of the Economy Ministry is a record in Argentina, and he stressed that it is the result of a unique transformation that is taking place in the country.

"It is a record, but in addition it is the result of a unique transformation that is taking place in the country with an exceptional government team," Menem said when he was asked whether Cavallo's five years at the helm of his ministry indicates that he has had very strong political support.

In remarks to Radio America, Menem recalled that "there have been very few changes (in the national cabinet), and accomplishments have come one after the other," and he stressed that "the political power has to give full support to those who cooperate in this task of transformation that began in 1989 and that will continue until 1999."

Asked whether the political questions that could have generated problems in the progress of the economic have now been overcome, Menem answered: "Totally. We know that it is not easy to lead a country that was coming out of a long and painful process of stagnation, of involution, with generalized corruption and constant chaos."

"It is fundamental that the course be maintained on the basis of firm and solid political decisions. When the course is lost in the political sector, then one loses in other sectors," the president said.

In this respect, he remarked that "politics dominates everything, and if there is no leadership in that sector, then there will be no favorable situations in the economic, social, international, educational, cultural, health, and security sectors."

Referring to the crisis that was provoked by the "Tequila Effect," Menem said that "it was a very severe crisis that affected the entire world and some countries are still feeling its effects, yet Argentina, which firmly maintained its model, its principles, and convictions, was able to overcome the situation."

Menem said that "important aspects remained, such as stability and convertibility, and now we are renewing the growth process that was interrupted by that crisis."

In this respect, he reiterated that "we estimate that the GDP will grow at least by 5 percent in 1996 and that inflation will not surpass 1 percent," although he remarked that "there can be situations that will have to be carefully managed and they must be taken into account," and there could be "a higher margin of 2 or 2.5 percent."

"This is really very laudable after so many years of inflation and hyperinflation and corruption," the president said.

Menem stressed that "we are close" to a new agreement with the IMF. "We are going to continue with this process of reducing public expenditures, which have grown, at the national and provincial levels."

"We are going to comply with our promise of reducing the VAT from 21 to 18 percent," the president said, and, after indicating that "in the measure that taxes are increased, the tax base is reduced," he emphasized that this reduction "is a great opportunity for all Argentines."

Menem highlighted the fact of "being able to obtain growth in tax collection and to contain, to a great extent, fiscal evasion."

He reiterated that "it would be beneficial for the times the country is experiencing were Congress to quickly approve the legislation" that will permit the second chapter of the state reform.

"They are not superpowers; they are simply an expansion of the president's powers that are clearly established in the Constitution. Moreover, this will allow us to advance much more quickly in the transformation process," Menem said.

Argentina's Economy Minister Views Achievements, Issues

PY3001011096 Buenos Aires TELAM in Spanish 2214 GMT 29 Jan 96

[FBIS Translated Excerpt] Buenos Aires, 29 Jan (TELAM) — Economy Minister Domingo Cavallo today emphasized that the advancements that have been achieved over the past five years had surpassed his own projections. Nevertheless, he acknowledged that unemployment and the health care system, among other issues, have still not been resolved.

On his fifth anniversary as economy minister, Cavallo said: "I believe we have achieved a lot, a lot more than we had hoped to achieve within a five-year period."

During a news conference at the Economy Ministry's movie theater, Cavallo appeared relaxed and willing to answer all questions. He was the only speaker.

Cavallo was accompanied by Economic Programming Secretary Juan Llach; Horacio Liendo, legal, technical, and administrative coordination secretary; Industry Secretary Carlos Magarinos; Public Works Secretary William Otrera; and Carlos Bastos, energy, transportation, and communications secretary.

Cavallo emphasized: "I believe we achieved huge progress during these years and we do not have to complain. We received significant support and we used it well." [passage omitted]

Asked about the current public debt level, Cavallo denied that it has increased. He noted that the public debt, which, to a large extent, had not been funded by the federal government, totaled $110 billion in 1989, and now totals less than $90 billion.

In this regard, Cavallo pointed out that the public debt involves less than 30 percent of the GDP, with long-term repayment periods. Therefore, he emphasized, "we are not among the most debt-ridden countries." [passage omitted]

Argentina's PJ Seeks Explanation of 'Special Powers'

PY2901234896 Buenos Aires CLARIN in Spanish 25 Jan 96 p 2

[Article by Ceferino Reato]

[FBIS Translated Text] The legislators of the Justicialist Party [PJ] have asked the government to explain to them in person and directly how it plans to use the laws that would give special powers to President Carlos Menem to undertake the second chapter of the state reform and to implement a series of tax modifications.

Augusto Alasino and Jorge Matzkin, the heads of the PJ's blocs of senators and deputies, said that "the congressmen want to support the government, but they also want to know where the government is going to go with these laws. They said this during a PJ summit that was held on the night of 23 January in Pinamar, just as CLARIN had exclusively reported.

This is why they have asked Cabinet Chief Eduardo Bauza and Interior Minister Carlos Corach not to cancel the meeting that has been scheduled for 7 February to debate without restrictions the administrative and tax superpowers that President Menem has requested. All the congressmen, governors, and members of the PJ's National Council, together with the officials of the political sector of the government, have been invited to that Justicialist meeting.

The case is that Bauza, Corach, and Alberto Kohan, the secretary general of the Presidency, flew to Pinamar with the idea of suspending the 7 February mega-meeting. Two leaders who participated in the Pinamar summit told CLARIN that "they told us it would ultimately turn into a sterile and uncontrollable discussion."

But on 24 January the Casa Rosada was offering another version: "Preparing the overall framework of the state reform is a very complex task, and we do not believe that we can prepare it before 7 February" was the argument that was heard very close to Bauza's office.

During the meeting, Bauza and Corach recalled that President Menem is in a hurry for Congress to delegate him superpowers so that he can merge, centralize, and suppress public, civilian, and military organizations, and to privatize and give in concession peripheral services.

On the other hand, these special powers would also presumably allow Menem and [Economy] Minister Domingo Cavallo to modify tax rates, do away with VAT exemptions, and eliminate the tax on profits.

At the end of December the Justicialist deputies could not achieve the necessary quorum to approve these laws, and the session was adjourned. The government has already approved extraordinary sessions so that Congress can approve the delegation of superpowers, but on 24 January the Chamber of Deputies postponed it until 7 February.

During the Pinamar dinner it was made clear that the congressmen do not want to grant ample power in tax matters, and they do not have major problems with the administrative reforms as long as there is congressional control at a certain point.

The meeting was held in Buenos Aires Province Governor Eduardo Duhalde's suite at the Bosque Hotel. There, Duhalde awaited his guests while he ordered the menu for the dinner in the hotel's restaurant: breaded mozzarella, salmon with greens and mashed pumpkin, and ice cream with fruit salad. In addition, he ordered mineral water, white wine, and champagne.

Bauza traveled from the capital by plane, accompanied by Corach, Kohan, Salta Province Governor Juan Carlos Romero, and Senator [Augusto] Alasino. Vice President Carlos Ruckauf and Senate President Eduardo Menem interrupted their vacations for a few hours. And La Pampa Province Governor Ruben Marin and Matzkin arrived and left together, just as two people from the same province should do.

Governors Duhalde and Marin emphatically supported the position of the congressmen in favor of a more expansive explanation from the government regarding the superpowers, and in support of holding the 7 February mega-meeting.

"Well, let us determine whether the president will participate in the meeting," Corach immediately replied. "No, it is better that he not participate because the same thing will happen again: Carlos comes, he reads a speech, lays down the law, and we all leave without discussing anything. If he wants to, he can come and close the meeting," Senator Alasino said.

In the end, they agreed to ask Menem himself whether he would like to participate in the meeting. And, if the president decides to keep the game open and thus help the internal debate, then the official report would be read by Duhalde.

The request on the part of the congressmen for a more explicit explanation and the support of the governors are part of a much broader context and framework than the superpowers Menem says he needs: After Gustavo Beliz left the PJ, some governors and PJ leaders began to make known the need to revitalize the party apparatus and debate the direction in which the government is heading.

For example, on 24 January Mendoza Province Governor Arturo Lafalla stated that he is willing to head an internal sector within the PJ in order to oppose the party's official sector. And last night Corach dined in Parana with [Entre Rios Province] Governor Jorge Busti, who pointed out his doubts and questions regarding "the social model being implemented in the country."

All these topics were discussed during the dinner in Pinamar. Duhalde took the flag of social justice out of the party's chest, and he stressed that the PJ should include an opposition list in the upcoming internal elections to elect party authorities, which have been postponed until 24 May, to revitalize the PJ.

Argentina's Corach Rejects 'Political Elements' in Case

PY3001012096 Buenos Aires NOTICIAS ARGENTINAS in Spanish 2011 GMT 28 Jan 96

[FBIS Translated Text] Buenos Aires, 28 Jan (NA) — Interior Minister Carlos Corach has emphasized that "it is not necessary to seek any political elements" behind the detention of former Chilean intelligence agent Enrique Arancibia Clavel, who has been indicted for being a principal in the second degree in the assassination of [former] Chilean [Army Commander] General Carlos Prats in 1974.

Corach emphasized that the Argentine Government "did not participate in the investigation, which has been exclusively conducted by the courts."

In remarks to journalists, the minister said the Argentine Government was informed of Arancibia Clavel's detention a few hours after it took place and did not participate in any one of the decisions made under the jurisdiction of judge Maria Servini de Cubria, who is hearing this case.

Corach emphasized that "it is absolutely nonsensical" to believe that the announcement of Arancibia Clavel's detention — which was announced by President Carlos Menem on 25 January — is being used to pressure the Chilean Government over the border disagreement on the Continental Glaciers.

Corach noted that there is also no reason for the Prats case to affect "in any way the bilateral relations with Chile, which are excellent."

Prats, a former Army commander in chief and former Chilean vice president, and his wife, Sofia Cuthbert, were killed by a bomb that was planted in Prats' Fiat 1600 and exploded on 30 September 1974 in Buenos Aires, where Prats had sought asylum.

The proceedings regarding the double crime committed by the former DINA [National Intelligence Directorate] (Pinochet's disbanded secret police, who operated from 1973 to 1990) agent are being handled by Servini de Cubria, who issued a preventive custody warrant and embargoed Arancibia Clavel's assets.

Corach noted that the former Chilean general's assassination has shaken and is shaking the Argentine people "because, to a certain extent, it represented the beginning of a very difficult period for Argentine society, involving people reported missing, killings, and harassment."

Corach added that Argentine society "had been heavily indebted to the Prats family because the general came to our country, seeking asylum and refuge, and was killed."

The interior minister announced that the government — at the Prats family's request — has asked Lieutenant General Martin Balza, the Army chief of staff, to investigate the possible existence of information in the Army files on any investigation conducted into the double crime.

Bolivia

U.S. To Set Up Military Base in Bolivia's Chapare

PY3001171596 Cochabamba LOS TIEMPOS in Spanish 21 Jan 96 p A2

[FBIS Translated Text] La Paz, 20 Jan (LOS TIEMPOS) — The U.S. Government has decided this year to toughen the war against drug trafficking in Bolivia, and it has announced that an "assault and control" military base will begin functioning against drug trafficking in the Chapare tropical region. According to international reports that were made known here, this base will operate in coordination with the Armed Forces.

The "firm hand policy" of the United States against the drug traffickers that operate in Bolivia was concluded during the less than 24-hour visit of the CIA chief, John Deutch, and U.S. Air Force General Kenneth A. Miniham, according to the reports to which LOS TIEMPOS had access.

It has been indicated that as a part of the "offensive" plan against drug trafficking, the U.S. Government proposes to install in the near future a military base in the Chipiriri coca colony, located in the tropical region of Chapare, Cochabamba Department, for the international control of drugs. The project for the fight against drugs was termed a "plan that has the intention of militarizing the fight against drug trafficking" in the country.

The Bolivian Government has presumably given its agreement for the creation of a military battalion that will be expert in jungle operations and will be based in Chapare, according to the reports.

According to Bolivian Government authorities and U.S. Embassy sources, a military base called the "Operations in the Jungle Instruction Center" (CIOS) will be installed at the end of the year in Chipiriri and it will work in coordination of the commander in chief of the Armed Forces of the nation.

It has been indicated that the elite unit that is to be installed, with the special assistance of the U.S Government, will be headed by Commander Vicente Ruiz, who up to a short time ago was the coordinator between the military of the U.S. Embassy and the units operating in Chapare.

The officer has the experience of having operated for two years in Chapare with the Mobile Police Unit for Rural Areas (Umopar) and he will command a unit of 400 men, according to the information that the Government Ministry gave to an international news agency.

According to the reports, Curtis Kamman, the U.S. ambassador to Bolivia, stressed "we are asking the Bolivian Government for a frontal fight against drug trafficking."

The decision to strengthen the struggle against drugs is the result of the "alarming increase" in the production of drugs in Bolivia. According to U.S. diplomatic sources, "Peru produces more coca leaf and Colombia produces more cocaine, but Bolivia is the second highest producer in the world."

Brazil

Brazil's Cardoso Views National Interests Abroad

PY3101003596 Rio de Janeiro JORNAL DO BRASIL in Portuguese 19 Jan 96 pp 1, 11

[Article by Brazilian President Fernando Henrique Cardoso]

[FBIS Translated Text] Some analysts of my diplomatic activities assert that while I travel abroad, I abandon our domestic problems. It is as if there were two worlds that could not communicate and that almost clashed: the international world and that of domestic problems.

I understand the meaning of these comments because they reveal the correct perception that the government's priorities must be centered on the solution of great national problems. As a matter of fact, this is — and will continue to be — my number one priority. Those who view my trips abroad as a way of bringing harm relative to the challenges that Brazil has been facing internally, however, are mistaken. On the contrary, our country's lack of a greater projection abroad is part of our problems, particularly now that the globalization of the international economy is an irrefutable and irreversible reality.

On the one hand, we need foreign investment to modernize our productive centers and our infrastructure to be able, as a result, to create more jobs and wealth for all Brazilians.

On the other hand, the other countries and my trips abroad offer real opportunities for us to expand the number of markets for our products. We need political action that will ensure stability and peace, particularly in our continent, because these are indispensable conditions for development.

To imagine that a country with the dimensions of Brazil could exist in isolation, concentrated on itself, without flexible and effective channels for contact with the rest of the world, is more than a mistake: It is temerity. The countries that close their doors to the international community are doomed to a marginal existence, to stagnation, and to misery. Just to mention an example very close to our reality: The Real Plan would not have been successful if our economy had not been open to foreign competition, which has contributed to keeping prices low in Brazil and to preventing shortages.

In addition, the government's pursuit of opportunities abroad is in tune with the course the country has chosen. Our foreign trade has been growing and has increased from $40 to $100 billion in the last four years; we are now participating actively in the WTO; we have implemented the Mercosur [Common Market of the South], and more than 100 Brazilian enterprises have installed their facilities abroad. It seems that Brazil has finally awoken to the importance of the rest of the world as a source of opportunities. I have always been aware of this reality, perhaps because I was forced to leave the country during one of the most somber moments of our history. Now, I have the chance to contribute to the effort of giving Brazil the projection it needs to have abroad in order to comply with its development goals.

This is why, in the first year of my presidential term in office, I have fulfilled an intense program of visits abroad, of visits to countries that are our main partners or that can open promising prospects of partnership. In these trips, I have confirmed that people not only know increasingly more about what has been occurring in our country, but have also changed their perception about our reality. Until a few years ago, our image abroad was harmed by problems that started with the absence of a democratic regime, was stained by the foreign debt issue and hyperinflation, and was further aggravated as a result of human rights violations and disrespect for the environment. This has changed considerably because Brazil has changed considerably. Whenever I travel abroad, I take with me the image of a better country, which we are building together. My trips are working trips and I work very hard while I am abroad: I speak about our country to a great public, I meet government leaders as well as entrepreneurial leaders, and I show them what we are doing. Brazil's image abroad is currently more favorable, but it must continuously improve because, as we well know, we will receive from abroad some of the ingredients that are indispensable for our growth.

These visits to foreign countries act as catalysts for activities held at various levels, from political dialogues to entrepreneurial meetings. In the first case, perhaps the less understood one, it is fundamental, in a world of swift changes, to know the feelings of world leaders and to present our ideas to them because the process of reaching understandings ultimately has repercussions in the reality of a country's economic or political life. The multiple meetings that I have had with the presidents of Argentina, Paraguay, and Uruguay, for example, have been fundamental in order to obtain positive results within the framework of the Mercosur and to overcome the natural difficulties resulting from the implementation of such a broad integrationist project.

I believe that the media has a decisive role to play in shaping the conscience of our national public opinion regarding the importance our country's external dimension has for our development. We cannot continue to be hostages of a harmful parochialism which is, essentially, the result of ignorance or of a mistaken perception of our real priorities.

This year, I will continue paying these visits abroad, in order to expand Brazil's presence among the other countries. On 22 January, I will leave for India at the official invitation of the Indian Government. There, I will attend the celebration of the Indian independence anniversary. Each year, only one head of state is invited to attend this celebration. Through this special honor, the Indian Government wants to indicate the priority it gives to relations with Brazil: We are both developing countries, we are both consolidated democracies, and we have interests in common in terms of economics and international politics. India is a key country to have as an interlocutor in several multilateral forums. In addition, this visit represents concrete potential for cooperation in the field of advanced technologies.

I know that I will be away from Brazil at an important moment, when Congress will be deciding about many reforms proposed by my administration. Nevertheless, all moments are important, and I know that Brazil is experiencing a situation of absolute democratic and institutional normalcy. I also know that during my trips I am replaced by such a competent and loyal man as Vice President Marco Maciel. From abroad, I will be accompanying each moment of our country's life. In addition, I am sure that I will bring back from India promising results for the country's prospects. Nowadays, the duties of a head of state increasingly imply the obligation of intensifying relations between the external and internal dimensions of his or her country. I will not give up this duty because, if I did, I would be giving up the right and obligation of defending our best national interests.

Brazil Seeks Authorization To Shoot Down Illegal Planes

PY3001143496 Sao Paulo O ESTADO DE SAO PAULO in Portuguese 26 Jan 96 p B4

[FBIS Translated Text] Foz do Iguacu — To deter the smuggling of goods by air, the administration has submitted to Congress a bill that will empower the Brazilian Air Force (FAB) to intercept and, if necessary, to shoot down any plane that may have illegally entered the Brazilian airspace. A revision of the Brazilian Aeronautics Code is expected to be ready by early February. At present, the code bans the destruction of an aircraft, even in extreme cases such as when it is discovered that it is carrying drugs or merchandise.

Today, the FAB role in Foz do Iguacu is merely that of providing flight protection.

Approximately 500 men of the Federal Revenue Secretariat [SRF] and of the Federal Police are exclusively tasked with ground activities, primarily focusing on key checkpoints, at the border with Paraguay and Argentina.

Brigadier Sergio Xavier Ferolla, chief of staff of the FAB, has reported that more than 100 planes carrying smuggled goods enter Brazilian territory every month through the border with Paraguay.

For instance, a twin-engine aircraft that had its back seats removed can carry as many as 50 fax machines, 20 14-inch tv sets, and thousands of computer boards.

Brazilian PRC-Built Satellite To Undergo Final Tests

PY3001141196 Rio de Janeiro Rede Globo Television in Portuguese 0200 GMT 30 Jan 96

[FBIS Translated Text] The largest satellite ever built in Brazil will be taken today from Rio Grande do Sul to Sao Paulo, where it will be modified before being sent into space. The satellite was built by Brazilian and Chinese engineers in the Rio Grande do Sul town of Gravatai.

The Chinese engineers brought the technology and are guiding the work, which is in its final stage. The work to assemble the satellite takes eight hours per day. Next week, the satellite will undergo a series of tests and adjustments at the National Institute of Space Research in Sao Jose dos Campos, Sao Paulo.

The project is checked upon conclusion of each phase. The satellite has not yet been assembled. When its two parts are put together, the satellite will weigh 1.5 tonnes. However, it will not be very big. It will be 3 meters high. It is fitted with cameras that will film the earth during its orbit.

The satellite will be launched by a Chinese rocket in 1997. It will operate at an altitude of 750 km and will provide precise information on the climate all over the country. In addition, it will produce images of forest destruction and burnings.

[Begin Advanced Technology Manager Jose Carlos Geraldi recording] This will mainly benefit Brazil, which is now one of the countries possessing technology for space programs. [end recording]

The Brazilian objective now is to develop technology for building launching rockets.

Participation of Brazilian Industry in Sivam Viewed

PY3001235996 Sao Paulo FOLHA DE SAO PAULO in Portuguese 23 Jan 96 Section 1 p 2

[Article by Air Brigadier Sergio Xavier Ferolla, head of the Aeronautics General Staff and director of the Department for Research and Development of the Aeronautics Ministry, from the "Trends/Debates" page]

[FBIS Translated Text] Any analysis of the Amazon Region Surveillance System [Sivam] project, from the technological and industrial viewpoints, must consider economic and technological factors that are coherent with Brazilian reality and not with idealistic theories, no matter how well intentioned they may seem.

The experience the Aeronautics Ministry has been accumulating for more than four decades in broad programs that seek to benefit scientific, technological, and industrial development has inspired the Ministry to conduct its most recent actions in a way that prevents possible incidents that may harm the various areas involved or endanger the ampler objectives of the programs.

In 1950, when the country was not even considering bicycle making, the Aeronautics Ministry launched the CTA (Aerospace Technological Center) through the implementation and conduction of the ITA (Aeronautics Technological Institute) which trained electronic and aeronautic engineers. The seed was thus planted that would germinate into high-level human resources, sophisticated laboratories, industries of national interest and, finally, in 1968, the ministry created the Brazilian Aeronautics Company, a leading Brazilian aerospace enterprise.

Several enterprises have created their nuclei in Brazil as a result of technologies developed at the CTA and of the requirements of the civilian and military aeronautics sectors. All along, the Aeronautics Ministry has sought to stimulate the consolidation of booming industrial centers that had aerospace interests. The ministry recommended, however, that these enterprises consider the need to diversify their products in the professional area and thus avoid creating exclusive dependence on work given to them by the aeronautics sector. As everyone knows, this work has always been subject to cyclic variations and has no sure budget base.

This recommendation facilitated the success in the 1980's of more than a dozen specialized enterprises that enabled the Aeronautics Ministry to start the AMX Program. This was a technological and industrial program of military interest which, in partnership with the Italian Government and its defense industry, gave Brazil access to new technical and operational stages.

Since the beginning of the 1970's, the Aeronautics Ministry began a modern system of air traffic and, simultaneously, an air defense system through the Cindactas [Combined Air Safety and Air Traffic Control Center], thus reformulating the entire national network of flight protection.

The Aeronautics Ministry is permanently interested in involving Brazilian industrial centers in its programs, but always considered it essential that said programs be practical and thus avoid making profitless investments that would make the results unfeasible.

Permanent budget restrictions over the past decade have, however, meant significant sacrifice for the Aeronautics Ministry and the national enterprises involved in its programs. It has also required ever-increasing prudence in their implementation so as to preserve, for the country, assets that have been achieved through hardship.

As an example of the difficulties facing the Ministry when implementing within Brazilian industry projects with an advanced technological content, it is enough to remember that in the 1970's the CTA developed a metereological radar system financed by the National Bank for Economic and Social Development and by the Funding Authority for Studies and Projects. The CTA transferred the information and the technical team to the Brazilian industry and only in 1995 did the Aeronautics Ministry obtain the resources to place an order for a series of 10 radars that will be used to equip the Cindactas.

When one considers the possibility of implementing an advanced detection system to control the Amazon Region, which demands state- of-the-art equipment, it sounds irreconcilable to argue that most of that equipment must be produced in Brazil, without considering the high training costs of national industrial centers and the idleness that will follow when the small number of such units required by the system are delivered.

The equipment, the technological content of which is available in the country, will be manufactured here as it has been occurring for years. The Aeronautics Ministry has always invested in local industry, in accordance with the "activity plan" [planos de carga] and the country's economic and technical reality.

The few sophisticated units, particularly the three-dimensional radar sensors and the sensors installed in aircraft, will be purchased abroad from enterprises that are now fighting to survive in their countries of origin because until very recently they were supported by the very lucrative Cold War defense industry.

The important thing, however, is that these sensors will be installed into a system conceived here, by Brazilian technicians. Also important is that the intelligence and the database resulting from the project will be administered and run under the supervision of the Brazilian Government, thus allowing those responsible for national strategic planning, researchers, and scientists access to precious information that has, so far, been camouflaged under the green canopy of the Amazon forest.

Brazilian Brigadier Rebuts Criticism of Sivam

PY3001221096 Sao Paulo O ESTADO DE SAO PAULO in Portuguese 28 Jan 96 p A5

[Interview with Reserve Brigadier Guido de Resende Sousa, superintendent of the Sao Paulo CC-Sivam, Coordinating Committee of Sivam, by Chico Otavio; place and date not given]

[FBIS Translated Text] [Otavio] The Brazilian Society for Scientific Development (SBPC) advocates a national alternative for Sivam [Amazon Region Surveillance System]. Can Brazilian industry meet contract requirements?

[Resende Sousa] Brazilian industry can supply more than one third of its budgeted items, but it cannot supply all the equipment. The base of the entire software for environmental and territorial control, for example, will be genuinely national. Yet it should be recalled that the only two enterprises with experience in air traffic in Brazil, Elebra [Brazilian Electronics] and Tecnasa [expansion unknown] — despite Air Force support — could never go beyond installing the radars supplied by the French Thomson company. Tecnasa has for 15 years tried to develop meteorological radar for the Air Force, but only built a prototype.

[Otavio] The SBPC has presented lower percentages of national participation in the project, claiming that it would be better to spend the $1.4 billion on science. Do you agree?

[Resense Sousa] The SBPC rejected the report of Scientist Luiz Pinguelli Rosa, of the Coordinating Board of Engineering Postgraduate Programs of the Federal University of Rio de Janeiro. He indicated a national participation of 40 percent in the total project. However, in the opinion of Scientist Rogerio Cerqueira Leite — who drew up the SBPC report — national participation will be 19 percent. Cerqueira Leite read only the main part of the contract with Raytheon. He did not read the Annexes, which provide, among others, for an order for eight Embraer [Brazilian Aeronautics Company] planes. There is another detail: This project was totally financed abroad, and does not provide for pure research.

[Otavio] Do you believe the SBPC was wrong?

[Resende Sousa] I find it strange and even surrealist that Cerqueira Leite, self-installed as the financial analyst, should concentrate on the financial aspects of the project. The rapporteur of the Senate commission that studied Sivam, a well-known specialist in economic affairs, opposed the financing of the project on the basis of technical criteria. Isn't that surrealist?

[Otavio] Could the report by scientists change the project?

[Resende Sousa] I believe the technical parts of the project are no longer under discussion. There is national consensus. Until 1995 no one discussed the project from a technical viewpoint. This began only after Raytheon was selected. In January, an American "shot himself in the foot." This American, who according to some was the U.S. Secretary of Commerce or a CIA agent, said in THE NEW YORK TIMES that the French company Thomson tried to bribe Brazilian officials. In old Portuguese, this citizen was a gossiper (indiscreet). The worst followed: the ESCA [Automation and Control Systems Engineering] scandal, which forced the Senate to reconsider its decisions.

[Otavio] Did the Aeronautics Ministry have any suspicion of irregularities within ESCA?

[Resende Sousa] There was no suspicion because the enterprise was doing very well and because it was even participating in tenders in the United States and Latin America.

[Otavio] The last voice to be heard against Sivam is that of Reserve Brigadier Ivan Frota. He advocates a national alternative: The Watch [Vigilam] project, which would be much cheaper than Sivam and be prestigious for local industry.

[Resende Sousa] There has never been a Watch project at the Aeronautics Ministry. There was an outline of a project, a 14-page document bearing no signature. It is a superficial document with an interesting detail: It makes no reference to local industry. On the contrary, the project provides for 14 radar installations made by Thomson and 14 Italian-made radars. The brigadier said the entire project would cost no more than $600 million. The document mentions no figures. Yet if the proposal is true, Ivan Frota's project is overpriced, because of its simplicity.

[Otavio] Is the participation of officials earning salaries from ESCA, in the process of selection of enterprises, a good reason for annulling the contract?

[Resende Sousa] Senator Eduardo Suplicy (PT-SP) [Workers Party-Sao Paulo] spent three hours here, and I had a chance to explain to him that Raytheon was not selected by ESCA. It was selected by government officials, who were paid by the government through ESCA. Moreover, we know ESCA had contracts with at least 20 enterprises, among them Dasa and Unisys, who also participated in the competition and did not win. They are contracts over secrecy on commercial information, which are common in this area. The strangest part of this is that the contract signed by ESCA and Thomson has not yet been found. Did they reach an agreement? Until today, no patriot has shown up with the document.

[Otavio] Are you aware of ESCA-Thomson relations?

[Resende Sousa] I am coordinating a team of 100 former ESCA officials. Many of them are familiar with the details of the project, and they believe ESCA preferred Thomson. Even so, the officials — who were government officials paid by ESCA — used technical criteria to select Raytheon. After the selection, the contacts between ESCA and Raytheon were very difficult because the former wanted higher compensation, and the latter did not agree.

[Otavio] Has there been espionage within Sivam?

[Resende Sousa] I am not a counterintelligence specialist, but we do take precautions. Our civil and military officials receive specific training on security within the organization and on information. We take these precautions because the problem exists.

[Otavio] Has the controversy over the transparency of the contract harmed the Sivam timetable?

[Resende Sousa] Explaining everything is more important than the timetable. The delay will obviously have financial implications, and someone will pay for it. Only after the project is fully clarified, will it be possible to implement it without delay.

[Otavio] Will Sivam be approved?

[Resende Sousa] I am sure Sivam will be implemented. The entire debate is positive because it will help produce a clean project.

Brazilian Senator Sees Delays in Sivam Contract Vote

PY3001213396 Sao Paulo AGENCIA ESTADO in Portuguese 1813 GMT 30 Jan 96

[FBIS Translated Text] Brasilia, 30 Jan (AE) — Senator Antonio Carlos Magalhaes (PFL-BA) [Liberal Front Party-Bahia], president of the special Senate committee that is studying the contract for the implementation of the Sivam [Amazon Region Surveillance System], has just announced that the subject will hardly be approved during the special congressional term that will conclude on 14 February. The contract with the U.S. company Raytheon foresees a $1.4 billion loan for Brazil through the U.S. Eximbank. Sivam rapporteur Senator Ramez Tebet (PMDB-MS) [Brazilian Democratic Movement Party-Mato Grosso do Sul] will present his report on 7 February but he already anticipated that he will allow observations to be made before the voting session is held, thus resulting in a delay of at least a couple of days. In addition, the amendments that will be presented will have to be examined by the committee before they are debated and voted on in the Senate plenary.

[Sao Paulo AGENCIA ESTADO in Portuguese at 1914 GMT on 30 January, in a related item, adds: "After a speech in which he expressed the opinion that it will be 'difficult' to approve the Sivam contract before 14 February," Senator Magalhaes "recalculated the timetable and said that the voting session on the Sivam will only take place in March." Magalhaes said that he "had not taken into account the carnival holidays that begin on 17 February."]

Brazil's Sivam Priority Seen From Military Viewpoint

PY3101003796 Sao Paulo FOLHA DE SAO PAULO in Portuguese 28 Jan 96 Section 1 p 14

[Article by Lucas Figueiredo in Brasilia]

[FBIS Translated Text] The Sivam [Amazon Region Surveillance System] crisis, which began at the end of last year with a phone-tapping case, has revealed an unknown fact: The military have changed their concept of development for the Amazon Region.

The strategy for the region, which was designed during the military regime, foresaw the settlement of people in the region and called for large infrastructure projects. In the 1990's, however, the project was quietly and gradually replaced by progress in artificial intelligence.

Now the military want to settle the Amazon Region with state-of- the-art equipment, which will partially replace men in ensuring regional security and development.

The military considers the current "enemies" of the Amazon Region continue are the same as 30 years ago: International greediness for mineral resources, the expansion of indigenous peoples' lands, and foreign invaders disguised as drug traffickers and smugglers. The way to fight these "enemies," however, has changed.

Projects like the Calha Norte, which involves settling people along the northern border, and infrastructure — like the Transamazon Highway — are now in second position while Sivam has become the "apple of the eye" of the military.

The SAE (Strategic Affairs Secretariat) and the Aeronautics Ministry are responsible for the project which involves the "adoption of a new development model for the Amazon Region."

The government has been announcing that Sivam will be able to detect and catalog mineral resources and biodiversity, control the burning of fields for planting, as well as find drug traffickers and smugglers, and control flights.

Material used by the SAE to inform about Sivam states: "The artificial intelligence system transforms these resources (data collection and processing) into effective tools to be used to analyze the situation and help make decisions."

The system's paraphernalia includes radars, satellite-receiving stations, platforms for collecting environmental data, metereological stations, equipment for intercepting and detecting electromagnetic signals, planes, and communication equipment (radios, telephones, fax machines, computers, etc...).

For an idea of the extent of the project, we must remember that Raytheon — the U.S. enterprise chosen to supply Sivam equipment — will receive $1.11 billion for the work. This is the highest amount ever paid to Raytheon in its whole history.

The conception of the project resembles an organizational chart: equipment and planes will be spread around the region will collect data which will be sent to regional centers in Belem (Para), Manaus, (Amazonas), and Porto Velho (Rondonia).

The information will be processed in these centers and sent to the coordination center in Brasilia, which will define the regional policy to be implemented.

Here is an example: Sivam system radar installations detect suspicious movements of planes in a specific area of the jungle. The information is passed to the closest regional center and, right after that, to Brasilia. Action to be taken against the suspicious planes is immediately determined.

The SAE document says: "These huge volume of data and information will allow the coordination center to digest the fact and make the information available for the government to plan strategic and emergency actions."

Brazil's Slowness in Calha Norte Project Viewed

PY3101001396 Sao Paulo FOLHA DE SAO PAULO in Portuguese 28 Jan 96 Section 1 p 14

[Article by Paulo Silva Pinto]

[FBIS Translated Text] The Calha Norte Project received last year only 10 percent of the total of resources it received at the climax of its implementation in 1989. At that time, 47 million reals [R] were allocated to the project. An estimated R8 million should have been allocated to the project in 1995, but only R5 million were transferred to pay its cost. The 1996 budget contemplates just R8 million for the project.

The implementation of the Calha Norte Project began in 1986. Its objective was to ensure the settlement of people in the territory to the north of the Amazon and Solimoes Rivers.

The Sarney Administration decided to create an interministerial project for the improvement of the region's infrastructure. While the project was not meant to be implemented exclusively by military forces, the three branches of the Armed Forces — particularly the Army — ended up doing most of the work.

The mini-hospital with 25 beds built at Iauarete, Amazonas State, is a good example of the problems faced by the project. The hospital is ready to function, but it is still not open. No one wants to be responsible for operating it. The Army, which has only 70 men at the site, insists that it cannot the operate it.

At Tabatinga and Sao Gabriel da Cachoeira, also in Amazonas State, hospitals are being administered by military personnel because the troops stationed in these towns are more numerous. Nevertheless, 90 percent of the patients at these hospitals are civilians.

Tabatinga has received most benefit from the Calha Norte project. In addition to having the local hospital enlarged, a fishing center has been built there, as well as a water reservoir and distribution system. The project also built a sewerage system for 70 percent of the local population, a town hall, and federal organizations offices. Tabatinga also has now a professional training center, telephones, and a concrete avenue 7 km long.

Brazilian Military Experts View Amazon's Vulnerability

PY3101010496 Sao Paulo FOLHA DE SAO PAULO in Portuguese 28 Jan 96 Section 1 p 14

[Article by Aziz Filho in Rio de Janeiro]

[FBIS Translated Text] Military affairs experts see the Amazon Region as the most vulnerable portion of the national territory and defend the idea of conducting Armed Forces actions in the region to ensure sovereignty.

In the opinion of retired Rear Admiral Armando Amorim Ferreira Vidigal, 68, former commander of the Navy's War College, the Amazon Region is the most probable scenario for conflict in the country.

Vidigal lectures at the Army General Staff and Command School, at the Navy's War College, at the Aeronautics General Staff and Command School, and at the War College [ESG].

He said "it is not an absurd" to consider two situations that would possibly require UN intervention in the region: First to ensure the preservation of the forest, under the excuse that its destruction would harm mankind: Second to declare independence for the "Ianomami nation," which would be recognized by the United Nations as a 9-million hectare country where the indigenous reservation is located.

Vidigal said: "This is a permanent risk. The best thing is to have a great dissuasive capacity and to show that it would prove very expensive to mix in our affairs."

Retired Colonel Geraldo Cavagnari, 61, director of the Nucleus for Strategic Studies of the Campinas University, says Brazil must take responsibility for and comply with the duties deriving from its being the "only" power in South America. In his opinion, Brazil must also prepare to repel UN action in favor of the "Ianomami nation." He added: "If this occurs, we must end the story, even if we have to go against the UN Security Council to do that."

ESG Adviser Jorge Boaventura, 74, says Brazil must watch the tendency of the UN Security Council (which comprises the United States, Great Britain, Russia, the PRC, and France) to accept the concept of "relative sovereignty" in areas "of interest to mankind," like the Amazon Region.

"The Amazon Region is extremely coveted as a source of mineral and natural reserves by countries that have great importance in the conduction of international affairs," Boaventura said. He said control over the region's air space is fundamental.

Cavagnari, Boaventura, and Vidigal defend the "enlivening" of the border areas in the northern region of the country.

They preach resumption of the Calha Norte Project, which sought to stimulate the establishment of urban centers in the area.

Retired Brigadier Ivan Frota, 65, asserts that fear of a war with Argentina "is part of the past" and that the only possibility of conflict in Brazil would be the effort to repel a possible UN action in the Amazon Region.

He said national sovereignty now runs risks other than a conflict. He added: "Our present conquests are no longer linked to conflicts, but to information, propaganda, and economic and political pressure."

'Bureaucratic Rivalry' of Brazil's Armed Forces Viewed

PY3101131996 Sao Paulo FOLHA DE SAO PAULO in Portuguese 28 Jan 96 section 1 p 12

[Article by Rui Nogueira]

[FBIS Translated Text] Without a defined security policy, the Brazilian Armed Forces are submerged in bureaucratic rivalry. Even in strategic issues which should have the consensus of the three Armed Forces branches, the Army, Aeronautics, and Navy do not have a common project.

Since the administration and Congress do not consider the discussion on how to use the Armed Forces a priority subject, the three military ministers are operating as administrators fighting for prestige and budget allocations.

"Nobody knows if they are President Fernando Henrique Cardoso's ministers for the Armed Forces of if they are Armed Forces ministers for the president," says Professor Thomaz Guedes da Costa, coordinator general of resources of the Strategic Studies Center, which belongs to the SAE [Strategic Affairs Secretary].

According to Costa, the blame is to be put more on the administrations and on Congresses than on a resistance by the Armed Forces. He says that the administrations and congresses have not gone beyond the constitutional definition of the role of the military which is to maintain law and order, safeguard national sovereignty, and work for integration and development.

In this debate, the professor says, society should define how much it is willing to sacrifice in terms of money and blood." [sacrificar em tesouro e sangue]

Disputes for funds is in the root of the large military projects like the Sivam [Amazon Region Surveillance System], Calha Norte (strategic settlement in the Amazon region), and the Navy's nuclear submarine.

Part of the pressure exerted by the Aeronautics Ministry brigadiers to maintain the Sivam is related to their open intention of not losing the $1.4 billion financing granted by the U.S. Eximbank and other financial institutions to Brazil.

The Aeronautics Ministry, according to several military officers consulted by FOLHA and who asked not to be identified, is by far the Armed Forces branch that most needs retooling. "The Sivam financing would work as an encouraging injection," said Thomaz da Costa.

"When will there be another opportunity for such kind of financing," asks Brigadier Marcio Bhering, from the Armed Forces staff. Internally, each Armed Forces branch has a clear explanation to justify its policy.

The Army has intensified the so-called "complementary actions" — like the distribution of family baskets from the Community in Solidarity program, construction of roads, medical services in the Amazon region, more investments in education — because it understands that it does not need to restructure "in face of threats."

The dissuasive action is carried out by a special troop group — the so-called Rapid Employment Force — and by the presence of the Army in more than 500 municipalities. In October 1995 during a conference given at the U.S. Army Command and General Staff School at Ft. Leavenworth (Kansas), Army Minister Zenildo Lucena explained the strategy.

"Unlike other armies in which units are deployed according to strategic criterion, our force is far more dispersed (...). This makes coordination and control activities more difficult, but it allows us to maintain contact and deepen our relation with the society we serve," Zenildo said then.

The really strategic claims of the military are nearly always motivated by external events. The Navy demanded more investments after the Malvinas War at the beginning of the eighties, arguing that the British naval force and its Exocet missiles were decisive against the Argentines.

The Navy was successful in its claim. The Navy is currently the best structured Brazilian Armed Forces branch from the point of view of quality of its equipment and troop preparation.

The Aeronautics Ministry made an identical claim when the Persian Gulf War broke out at the beginning of 1990 and when the U.S. Air Force played a decisive role in defeating Iraq.

With a depleted treasury, the administration could not meet the demands of the FAB [Brazilian Air Force], which continues dismantling Mirage airplanes to use their parts as repairs for other combat airplanes.

The military use as an example the Peace Mission sent to Angola to demonstrate the government's lack of strategic definition. Planalto Palace decided that it was important to spend 121 million reals to participate in the U.N. Peace Force. Despite this, the Planning Ministry and the Treasury Secretariat took more than two months to authorize the disbursement.

The Brazilian troops began to sail off in October, but a large part of the purchase of uniforms and supplies was still unpaid by the end of December. The treasury owed the Army more than 60 million reals.

Roundup of Brazilian Economic Reports Through 26 Jan

PY2601193696

[FBIS Report] The following is a compilation of reports on economic activities in Brazil monitored through 26 January.

FINANCIAL OPERATIONS

Satellite Receiver Factory To Be Built — The Elecom Comercial company, which is the second largest manufacturers of satellite receivers in Brazil, will begin building a new factory in Taubate, Sao Paulo. It will occupy a 40,000-square-meter area and it will cost $17 million, part of which will be financed by the National Bank for Economic and Social Development, BNDES. Elecom will expand the production of receivers to win up to 50 percent of the market share. (Sao Paulo GAZETA MERCANTIL in Portuguese 23 Jan 95 p A1)

EU Credit for Mercosur — The EU delegation visiting Brasilia has announced that the EU will renew a credit line for the creation of joint ventures among small companies of Latin American and Europe, which will amount to a little more than $400 million. The program, which is known as European Community Investment Partners, ECIP, will be meant for new fields like technical feasibility studies for the participation of companies in concessions of public and private services, financial help for commerce chambers interested in studying an industrial sector profile. (Sao Paulo GAZETA MERCANTIL in Portuguese 24 Jan 95 p a 7)

FISCAL, MONETARY ISSUES

Bank Profit Figures — According to a study carried out by the Financial Engineers and Consulting, EFC, firm on bank balances of the first half of 1995, the 16 main Brazilian financial institutions last year earned $6.8 billion only with the charging of banking fees. This result was 255 percent greater than that of 1993 when the Real Plan was not in effect and when the country suffered unbridled inflation. On those days, banks earned $2.6 billion with their fees. In the past two years, some banks grew by more than 300 percent, like the Bank of Brazil which grew by 304 percent, Meridional Bank by 329 percent, Banestado by 301 percent, and Bandeirantes/Banorte by 435 percent. The Banespa, Sao Paulo State Bank, was the one that grew least among the 16 main banks: It grew by 142 percent. The reduction of the profits from the inflation was partially compensated by the increase of income obtained from services. "Furthermore, some studies show that the Brazilian bank fees are close to those charged in the United States," said EFC President Carlos Daniel Coradi. (Sao Paulo AGENCIA ESTADO in Portuguese 2119 GMT 21 Jan 95)

TRADE ISSUES

Fruit Exports Drop in 1995 — Fruit exports dropped in 1995. According to the Foreign Trade Secretariat, Secex, Brazil exported 228,000 tonnes of fresh fruits in 1995 with a 36.4 percent drop in comparison with the volume exported in 1994. Given the increase of fruit prices in the international market, income from fruit exports did not drop as much as they amounted to $103 million, which was 19.5 percent less than in 1994. Apples and melons had the worst performance. Apple producers exported $6.2 million, 58.9 percent less than in 1994. The Secex likewise reported that orange juice exports amounted 960.900 tonnes. Although the volume of orange juice exports dropped by 16.2 percent, income increased by 12.1 percent amounting to a total $1.1 billion on account of an increase in international prices. (Sao Paulo FOLHA DE SAO PAULO in Portuguese 23 Jan 95 section 6 p 8)

New Mercosur Organization — Businessmen and workers began to form the Brazilian section of the economic and social consulting forum that will make suggestions to the Common Market Group of the Mercosur, Common Market of the South. During the first meeting, which took place on 22 January in the Brazilian Foreign Ministry, the government participated just to give a head start to the forum, which will be organized by the private sector. Since the administrations of the four member countries have listened to many complaints from the businessmen and workers about social problems like unemployment and migration of workers, this forum will intend to fill this gap. The organizations that will participate in this forum are the National Confederation of Commerce, CNC, National Confederation of Industry, CNI, National Agriculture Confederation, CNA, the Sole Workers Center, CUT, Central Federation of Workers, CGT, and the Labor Power. It will also be made up of the Brazilian Consumers Defense Institute, Idee, Brazilian Association of the Chemical and Byproducts Industry, Abiquim, Brazilian Association of Machinery Industry, Abimaq, and the Brazilian Electro-Electronic Industry Association, Abinee. As for the amount of representatives to the forum and on how it must operate, these subjects will be discussed in subsequent meetings that will also take place in the other Mercosur member countries. (Sao Paulo GAZETA MERCANTIL in Portuguese 24 Jan 95 p A7)

Anti-Dumping Measures Applied — The Brazilian Government has applied anti-dumping right measures to garlic imports from the PRC. Garlic import tariffs were increased to $0.40 per kg as of 18 January. According to the Foreign Trade Secretariat, Secex, China entered into the Brazilian garlic market in the second half of 1993 winning 23 percent of the Brazilian garlic market share by 1994, and 50 percent of all Brazilian garlic purchases, "harming national production." By the end of December 1995 the Secex decided to apply anti-dumping measures to Chinese lock imports at the same time it lifted the anti-dumping measures applied against Russian granulated mono-ammonium phosphate. (Sao Paulo GAZETA MERCANTIL in Portuguese 24 Jan 95 p a7)

Chile

PRC Vice Premier Meets Chilean President, Officials

PY3101023696 Santiago Universidad Catolica Television Internacional in Spanish
0000 GMT 31 Jan 96

[FBIS Translated Text] The PRC Government is willing to make joint investments with Chile to increase its copper supply. With its 1.2 billion inhabitants, China represents an attractive market for any country in the world. Its natural resources are limited, and for this reason it imports most raw materials, among them copper, the main Chilean export product.

Aware of this, Chinese Vice Premier Zhu Rongji today met President Eduardo Frei, with whom he discussed his country's interest in investing in the Chilean mining sector.

[Begin PRC Ambassador Wang Chengjia recording; identified by screen caption] China needs copper and it has a very large market. For this reason, China is interested in working in cooperation with Chile, and Chile is also interested in working in cooperation with China, because China has a huge market. [end recording]

China is looking for a new Chilean mine to produce 300,000 tons of copper yearly. But since there are few deposits with that capacity, they will have to buy several small mines instead. To discuss this and other subjects, Zhu Rongji met with ministers of the economic area and with representatives of Corfo [Production Development Corporation] and Codelco [Copper Corporation].

On Thursday the Chinese vice premier is scheduled to visit the gigantic El Teniente mine, which belongs to Codelco, and which is the largest copper producing facility in the world.

Chile's Progress in Talks With EU, Canada Announced

PY3001170396 Santiago Television Nacional de Chile Imagen Internacional in Spanish
1000 GMT 30 Jan 96

[Speakers identified by screen caption]

[FBIS Translated Text] The EU has finally approved the main guidelines for the negotiations for Chile's entry to that economic and political bloc.

Moreover, the first phase of the negotiations for free trade with Canada has concluded.

After several postponements the EU has officially disclosed that its Council of Ministers, headquartered in Brussels, has approved the guidelines to negotiate a trade agreement with Chile.

[Begin recording, Chilean Foreign Minister Jose Miguel Insulza] We are very happy because this shows that things are developing along the lines we have chosen for a gradual trade liberalization in all sectors for the marketing of goods, services, in the investments fields, in the scientific-technological fields, etc. [end recording]

At the same time, the technical team that on 26 January started negotiations with Canada in search for a bilateral trade agreement announced the successful conclusion of this first phase of the negotiation.

[Begin recording, Juan Gabriel Valdes, negotiator of the Chilean- Canadian treaty] The development of the exporters field is currently based on raw materials and primary products but a determined and successful search for a value-added process for their products undoubtedly requires markets such as Canada and NAFTA member countries. [end recording]

The second round of talks in search for the Chilean-Canadian agreement will be held in late February in Ottawa.

Chile's Insulza on 'Timetable' for Negotiations With EU

PY3101003996 Santiago EL MERCURIO in Spanish 30 Jan 96 pp A1, A8

[FBIS Translated Excerpt] The Foreign Ministry yesterday expressed its satisfaction regarding the approval, in Brussels, of negotiation guidelines that will help initiate talks to reach, during the first half of the year, a new framework-agreement between our country and the EU. The document reportedly will be signed in June.

Foreign Minister Jose Miguel Insulza has said that this process of negotiations will by no means be affected or conditioned by the economic disputes between Chile and nations of the economic bloc. [passage omitted]

Insulza added that Chile poses no obstacle to the possibility left open by the EU for an institutionalized dialogue between that organization and Mercosur [Common Market of the South].

The negotiations guidelines establish that the matters the new framework-agreement between Chile and the EU will include are: 1) A strengthened political dialogue; 2) strengthening of trade cooperation seeking the progressive and reciprocal liberation of the exchange in goods and services, taking into account the sensitivities regarding some products and in accordance with the rules of the World Health Organization; 3) promotion of reciprocal investments; and 4) areas covered by the framework-agreement of cooperation with new sectors.

On learning of the decision by the EU Council of foreign ministers, the Chilean Foreign Ministry issued a public statement in which the government expresses its satisfaction over the approval of the guidelines to negotiate the future bilateral agreement.

The statement says: "This decision confirms the EU's firm desire to strengthen and increase its ties with Chile through the negotiating of a new bilateral agreement whose final objective is to establish an EU-Chile political and economic association." [passage omitted]

Foreign Minister Insulza added that now we need to establish the timetable for negotiations, and transactions will probably begin during the second half of March or the beginning of April. The agreement will reportedly be signed in June.

The idea that the agreement is the fruition of quick negotiations and that it can be signed during the first half of the year was strengthened yesterday when Chancellor Westendorp asked the Italian Presidency of the EU, in its statement before the Council of Ministers of the Group of 15, that the new agreements with Chile and Mexico also be included during that period. [passage omitted]

Chilean Committee Approves Human Rights Bill Amendment

PY2601215196 Santiago EL MERCURIO in Spanish 24 Jan 96 p C3

[FBIS Translated Excerpt] Valparaiso — The Senate Human Rights Committee yesterday amended the bill on human rights and missing detainees, thus specifying the rules of implementation of this bill proposal so that it will be understood that the provisions of the bill are not intended to extend or reduce the effects of amnesty, nor to interpret the amnesty law.

This amendment was made to the text submitted by the Senate Constitution Committee, which corresponds to the bill agreed upon by Interior Minister Carlos Figueroa and National Renewal Senator Miguel Otero. [passage omitted]

The approved amendment, which applies to Article 1, establishes that this bill will be implemented in all proceedings concerning missing-detainees and crimes specified in Articles 141, 143, 148, 149, 150, 292, 320, and 391 of the Criminal Code and Article 330 of the Code of Military Justice or anything else connected with them, irregardless of the name given the case file, perpetrated between 11 September 1973 and 10 March 1978, and in cases in which "an amnesty" could be applied. [passage omitted]

Chile's Frei Urges Responsibility in Social Pacts

PY3101104396 Santiago EL MERCURIO in Spanish 26 Jan 96 p C3

[FBIS Translated Text] Chilean President Eduardo Frei has demanded absolute responsibility from those involved in the signing of the social pacts, and he said that no democracy can be strong enough to face corruption.

No social pact is feasible without a sense of responsibility from the parties, he said. This is an essential condition to create a space for public credibility.

The president made these remarks during his speech to conclude the summer course during which the role played by former President Eduardo Frei Montalva, father of the current president, was analyzed.

In his speech, the president acknowledged that amendments to the Constitution and the organizational laws are subjects that affect the major rules of the game of national coexistence. He added: "However, with all the drama and urgency of these controversies, they should not conceal from us the fact that to continue a permanent process of institutional and political improvement, we need to establish a new democratic culture."

On this point, the president said that to achieve democratic political development, we must respect the historical importance of each nation, and in this regard, he said that very artificial institutions show too clearly a truly profound distrust in people and very little faith in democracy.

Discussing this point further, Frei recalled that in the history of political institutions, the great successful reforms are those which developed within the framework of the main history of the nation. He recalled that this was true with regard to the second round of presidential elections to guarantee the construction of majorities. He added, however, that formulas such as the binomial systems and the institutional senators are outside the republican roots of the nation.

"I do not believe — and I have seen it these past years — that a democratic process depends only on this or that reform. Democratic change emerges from persuasion and dialogue, and presupposes a persistent effort that can be extended for a long period of time."

According to the president, dialogue and persuasion have one objective: To achieve an agreement, because countries require that the major rules of the democratic game be established through consensus, for we cannot live in continuous constitutional distrust.

Frei discussed the corruption issue, recalling that the problem of political ethics has been placed on the front burner.

He added that the corruption pehnomenon in Latin America and in the world destroys the best and more well prepared political and development projects, in addition to representing an attack on credibility.

He also stressed the lack of responsibility of some government leaders who promise a government program thanks to which they are elected, and then adopt a different one. This undermines credibility in the eyes of the citizenry.

The president insisted on the fact that the problem of ethics in the social and public fields is broader and affects not only politics but the entire society, and this not only because behind the corrupt citizen there is someone — who belongs to the private world and who handles resources — who corrupts him.

He said: "Corruption in social life is serious because it destroys faith in politics, and the destruction of faith in politics paves the way for the end of democracy. To put it more succinctly, corruption makes it easier for an authoritarian leader to offer order and cleanliness in society."

Chilean Document on 'Deficiencies' in Antipoverty Fight

PY2501003496 Santiago EL MERCURIO in Spanish 21 Jan 96 pp C1, C2

[FBIS Translated Excerpt] According to the Social Interministerial Committee, created by President Eduardo Frei to face the poverty issue in Chile, government officials themselves and serious government deficiencies are limiting and, in some cases, making impossible the implementation of the antipoverty plans. According to official figures, poverty affects 28 percent of the population.

According to the committee's evaluation, many positions stemming from the government itself would be highly unsuitable in this sense and would make it impossible to achieve the goals established for 1996.

Among other things, the committee reports the lack of concrete proposals, or notes that they are insufficient in priority social areas, such as programs for infants.

All this is included in an official document which began circulating over the past few days at La Moneda Palace. This study has emerged at a time when various sectors, including the coalition, have begun criticizing the very few results obtained by the government in the social area.

People at government palace are reluctant to publish this analysis precisely because of its negative evaluation.

This study was prepared by the Executive Secretariat of the Social Interministerial Committee, which is comprised of 12 ministers who have to do with the social area: finance, economy, health, education, housing, planning and coordination, justice, labor, Sernam [National Women's Secretariat], agriculture, public works, and transport.

This committee is headed by President Frei, while Planning and Coordination Minister Luis Maira is his executive secretary and technical coordinator.

The analysis claims that there are a number of limitations stemming from government officials, thus necessitating a change in course.

To do this, the document states, the presidential message scheduled for 21 May 1996 must include concrete proposals and achievements slated for 1996.

Among other things, it proposes the creation of a public entity capable of becoming an effective instrument to oversee current social commitments and the creation of a social defense office, equivalent to a social ombudsman.

One of the criticisms is that there are ambiguities that do not clearly allow the achievement of goals the Social Interministerial Committee has established for this year. The document states: "It stresses the lack of a single government policy that expresses the social objectives of this government."

The analysis urges the government not to fall into its own trap of establishing goals it will not be able to fulfill, especially in the field of statistics.

It adds that government officials have announced commitments and different matters with regard to reducing poverty statistics, as in the area of the great social objectives of the government. "In our opinion, the idea of reducing poverty statistics by the end of this administration has serious limitations, because, depending on current methodologies, poverty increases or decreases statistically for the same period; because the goals to reduce poverty statistics put us in the position of making political evaluations of success or failure against variables not controllable through the exercise of government policies; or, most important of all, because those goals do not say anything to the citizen who cannot understand his line or level of poverty when it comes to establishing his livelihood and viewing his social situation." [passage omitted]

According to the document, concrete proposals are still nonexistent or insufficient in certain priority social areas.

Among them it mentions that within the framework of assistance policies intended for the poorest and most vulnerable areas, the current social assistance program that has prevailed over the past decade (even though coverage and resources have been increased) has been maintained unchanged. Furthermore, it has not been possible to render an account of the changes in the poverty situation that took place during the same period, making it difficult to maintain the same speed in ensuring benefits for the people. "Above all, moreover, there has not been the necessary flexibility to reassign and reprioritize resources and objectives in social emergency situations."

Another area where there is a deficit of proposals and effective actions, as well as specialized instruments, is that of rural poverty, which shows more regidity to be attacked and which, in some regions, even is tending to increase. [passage omitted]

Minister: 'Danger' Antipoverty Goals May Not Be Met

PY2501010496 Santiago EL MERCURIO in Spanish 22 Jan 96 pp A1, A12

[FBIS Translated Excerpt] Planning and Coordination Minister Luis Maira, one of the authors of the report issued by the Executive Secretariat of the Social Interministerial Committee which attributes lack of clarity to government officials with regard to supporting government plans and programs to fight poverty, said: "I have the political support of my party (Socialist Party), and I can run the risk. I am not scared to report government problems openly."

Ambiguity, lack of concrete proposals in key and priority areas, insufficient commitments, confusing goals, and lack of a single policy that expresses the social vision of the government are some of the definitions and terms used by Maira when he refers to the prevailing danger that none of the proposed goals will be fulfilled.

Maira admits how difficult it is to make this self-criticism included in the document issued at the beginning of the year (it is dated 8 January 1996), but added that this procedure represents an effective change to find an adequate solution to problems. [passage omitted]

Maira said that this analysis was handed over in due time to President Eduardo Frei and to the 12 ministers who comprise the Social Interministerial Committee, and that no objection has been received.

He said: "We are making an effort to formulate better social policies. Thus, when we make a critical analysis, we must focus on what is being done incorrectly, on what we are lacking. We could have made a very positive analysis of what we have achieved, but we decided to do it this way. Many of the problems we had last year were corrected because we admitted them clearly. One example concerns the decentralization of expenditures." [passage omitted]

Chilean Commentary on Minister's Presidential 'Chances'

PY2501152096 Santiago LA TERCERA DE LA HORA in Spanish 21 Jan 96 pp 16-17

[Commentary by Patricia Politzer]

[FBIS Translated Text] What would Public Works Minister Ricardo Lagos have done about El Chinchorro, Laguna del Desierto, the Southern Continental Glaciers, the Lima Conventions, NAFTA, Mercosur [Common Market of the South], or the French nuclear tests?

With that list of problems how much popularity would he enjoy?

We will never know because when the ministries were distributed two years ago, the president's closest aides believed Lagos should not be given a political ministry because it might help enhance his image. They thought it was better to give him a technical ministry, a low profile ministry such as public works. I wonder how they feel about it now?

With a great sense of humor journalists Ascanio Cavallo and Antonio Martinez, in their latest book "Agenda Horribilis," stated that no matter where he is sent, Lagos will always manage to do well. They maintain that if he is named governor of Juan Fernandez, oil will be found on the island shortly after his arrival...

Seriously speaking, Lagos has become of a leader of such strength that, although there are still four years to go before the next presidential elections, the chances he has of reaching La Moneda have become a fact in national politics.

Does he have true possibilities of becoming president? Everything indicates he does and, funnily enough, the obstacles do not seem to be among his political adversaries but rather among his friends. Political analysts and leaders agree that his two great challenges lie within the Coalition of Parties for Democracy [CPPD]: to build a powerful force of support and too see that the Christian Democratic Party [PDC] accept him as CPPD candidate.

During 1995 Lagos appeared as a great, reliable, and modern executor within the CPPD. This is reflected in every poll and year-end assessments by all sectors. The problem now is how to administer this capital in order to successfully meet the challenge.

Nobody doubts he is the natural leader of the Socialist Party (PS) and of the Party for Democracy (PPD), but that does not contribute to making easier the task of turning those two parties into a united force capable of growing stronger to support Lagos in his campaign towards La Moneda.

The difficulties became quite obvious when, in view of Camilo Escalona's overwhelming victory in the PS elections, PPD Chairman Jorge Schaulsohn decided to summon the losers to create, together with the PPD, the great progressive party. What is regarded more serious still is the fact that he asked Lagos to choose one or the other party.

This request went down like a bucket of cold water, not only in the PS, that believed its ally was trying to divide it, but also within the PPD and for Lagos who regarded it as a true betrayal.

The idea of uniting the two parties and taking the first steps towards building a more powerful force, was something that was started, silently and cautiously, by the leaders of the progressive faction. But before the first foundation stones of the building were laid, Schaulsohn caused a great tremor that destroyed everything.

Many believe Schaulsohn is against Lagos but the latter insists in upholding his stance and hopes to personally explain it to Lagos next week.

In his opinion, "Lagos cannot continue administering ambiguity and the balance between the PS and PPD that leads nowhere. He also believes Lagos must openly get involved in the creation of a center- leftist, progressive, responsible, and modern party. A reliable party to which the people feel they can entrust the government. This is the only path for Lagos to become president of Chile in 1999 and not a mere candidate."

According to Schaulsohn this new party could establish an alliance with the PS, "but with a much weaker PS headed by Escalona."

Nobody among the Socialists are, undoubtedly, willing to become the poor relative. In Senator Jaime Gazmuri's opinion, the PS' task is "to become seriously involved in a modernization project headed by Lagos as CPPD leader and not be tempted by a nostalgic and marginal left." In his opinion, the fears that Escalona's election caused have been gradually overcome and the conditions now exist for the PS to advance in that direction.

Lagos' job with the parties will not be easy. Partisan work has never been his strong point but he cannot try to do without them. In Chile it is not enough to be a great leader, of the Fujimori style. In Chile the political parties are still fully in force when it comes to making decisions and without them there is no feasible candidacy, neither in the leftist, center, or rightist sector.

What everyone agrees on is that "Lagoism" must cease to be the leftist sector of the CPPD and gradually become a coalition force capable of disputing the leadership with the PDC on equal grounds.

The chances of Lagos competing in a first round with a PCD candidate seems very risky. Most people do not think the CPPD will survive a dispute of this nature.

Therefore, as Senator Gazmuri states, "the possibility of a first round with two CPPD candidates cannot be rejected a priori." The great challenge is precisely to get Lagos to become the single candidate.

Only one year ago everything seemed unfeasible. Now, however, that possibility no longer seems far-fetched. Quite to the contrary, it seems feasible and there are even some militants who propose the establishment of PDC committees with Lagos.

There are three different viewpoints at the PDC leadership level. One group refuses to discuss the issue because it believes there is no chance of Lagos really reaching La Moneda. It believes the PDC members will not vote for him even if the party tells them to do so and that neither the Armed Forces nor the businessmen will allow such a thing.

The second group believes that it is still too early to start worrying about this because there are still four years to go before the elections, that Lagos has always emerged favorably from polls but that his popularity has a ceiling. This group adds that the rightist sector magnify the poll results, that he is running alone, that his popularity will change when the PDC has its candidate and that he makes political mistakes that, in the end, confuse him. Last, this group recalls that both Aylwin as well as Frei started off with a poor result in the polls.

Finally, the third group — the smallest but most alert one — senses a true threat. They maintain that Lagos' ceiling has grown and that his image as the most important man of the CPPD has surpassed 35 percent. The most alarming thing about this is not that he is the first but rather that the sum of all the outstanding PDC leaders — Frei, Aylwin, Foxley, Valdes, Zaldivar — does not equal him. In view of this, they warn that if Lagos tidies up his own house and convinces some PDC members to join a CPPD working team, he could win in the primaries and become the single candidate.

Taking the first two viewpoints into account one can understand why the PDC has still not done anything to stop Lagos. A few months ago Gutenberg Martinez proposed ending the internal disputes and fully supporting one of the presidential candidates, in order to assess the chances that candidate has in one year's time. The subject was discussed during a meal at Martinez' house by the possible candidates — Foxley, Zaldivar, Ravinet, and Valdes — and Ministers Figueroa, Perez, and Arriagada. But the initiative did not prosper.

Aware of the two great challenges he is faced with, Lagos must decide when the key moment will be to launch his electoral campaign. Timing in politics is very important: Things must not be done too early or too late.

A few, such as PPD Secretary General Patricio Hales believe Lagos should leave the government as soon as possible and fully devote his time to the great task of becoming president.

But the great "Lagoism" majority would rather he remained where he is and continue to reap the fruit of his successful administration. They believe he should not run any risks before the municipal elections. Not only because there is still a long time until the presidential elections but because, above all, during those elections there will not be a single PS-PPD leadership. Quite to the contrary, the two parties will have to fiercely compete to show their respective true power.

The "opportune" moment for Lagos will probably only become known next year once the results of the municipal elections are disclosed and the parliamentarian elections for late 1997 have been planned. The latter will be really decisive for his presidential aspirations.

Outside the CPPD, Lagos does not seem to have great difficulties.

Businessmen respect him and admit that his administration has been the key for the consolidation of the economic model. They know he has no prejudices about the market and they like the idea of a strong leadership if the CPPD continues in government.

The important thing is that Lagos is accepted by the businessmen and still enjoys the people's support. Although the PS may grow during the upcoming municipal elections, its leadership in the leftist sector seems strong enough. If his work with private sector ever weakened that support, he recovered it amply by opposing the construction of the Punta Peuco prison.

As for the Armed Forces, despite what is maintained within the PDC, there are no signs that they will turn him down. The military is currently more concerned about Andres Allamand than Ricardo Lagos. It seems more concerned about Allamand's possible candidacy than about the possibility of Lagos reaching La Moneda.

A lot must yet happen but if there are no greater changes that may imply a drastic change in the current situation, the Lagos phenomenon and his journey to La Moneda will probably be the most interesting developments in Chilean history in the near future.

Colombia

Colombia's Samper To Request New Accusations Committee

PA3001202396 Santa Fe de Bogota Inravision Television Canal A Network in Spanish 1730 GMT 30 Jan 96

[Report by Nubia Ballen from Bolivar Square in Santa Fe de Bogota during the "Colombia 12:30" newscast — passages within quotation marks recorded]

[FBIS Translated Text] President Ernesto Samper this afternoon will request to form a new Accusations Committee. The reactions could not turn up any sooner.

[Unidentified speaker] "We have to respect what the president says; however, I believe that the committee was selected for four years. We cannot go around changing the committee every fifteen days, every time there is a problem."

[Accusations Committee member (Francisco Canossa)] "Most of the representatives in this committee belong to the Liberal Party, and this committee's composition differs from the composition of any other congressional committee. The Liberal Party exceeded its representation in the committee; therefore, we believe that all blocs represented in Congress must be restructured."

[Senator Jaime Casablanca] "I favor the state of law, and if there are norms that [words indistinct] allow it, they must be considered and taken into account."

A few minutes ago, Congress President Julio Cesar Guerra Tulena pointed out that even though the lifting of the secrecy of the summary proceedings, as President Samper requested, is unconstitutional, it would be the solution to instill credibility into the public debate.

[Guerra] "I would say that if the members of the Accusations Committee can lift the secrecy of the proceedings, they must do it. However, connoisseurs, jurists, and penal lawyers claim that this secrecy can be lifted only when there is an accusatory ruling. I hope there is a means to lift the secrecy to ensure the public will know of the records and their contents. I hope they [not further identified] agree with the proceedings. This is very significant for the country's peace of mind."

Colombia's President Extends State of Disturbance

PA3001202296 Mexico City NOTIMEX in Spanish 1950 GMT 30 Jan 96

[FBIS Translated Text] Santa Fe de Bogota, 30 Jan (NOTIMEX) — The Presidency today reported that the Colombian Government extended for 90 more days the state of internal disturbance, which was decreed in November 1995 to face with emergency measures the violence that is lashing at the country.

In a decree made public by the Narino Palace, which is the seat of the executive branch, President Ernesto Samper said that events such as drug trafficker Jose Santacruz Londono's escape from prison "are enough merits to extend the state of emergency."

On 11 January, the third high-ranking man in the Cali cartel hierarchy fled from a high security prison located in the Colombian capital thanks to the alleged complicity of officers who were guarding him.

According to the government's decision, in addition to Santacruz's escape, the guerrillas launched an intense offensive earlier in the year, leaving more than 30 people dead, mostly military officers and civilians.

Samper declared the State of Internal Disturbance, which maintains individual rights, on 2 November following the murder of Alvaro Gomez Hurtado, former presidential candidate and opposition leader.

A terrorist organization claimed responsibility for the murder and threatened to kill other public figures if Samper did not resign.

The president is facing a political scandal prompted by accusations that his campaign received, with his full knowledge, money from the Cali cartel mafia to finance electoral activities in June 1994.

In a ruling issued yesterday, the Constitutional Court upheld the decree whereby Samper declared the State of Internal Disturbance in the country.

Colombian President Opens Special Session of Congress

PA3001232996 Santa Fe de Bogota Radio Networks in Spanish 2139 GMT 30 Jan 96

[Address by President Ernesto Samper Pizano opening the special session of Congress in the Oval Room of the National Capitol in Santa Fe de Bogota — live relay]

[FBIS Translated Text] General of the Armed Forces [word indistinct] Navy Infantry Commander; General, Chief of the Joint Staff of the Armed Forces; Majors, Generals, and Commanders of the Air Force; National Police Director; Comptroller General; Vice Presidents of the Senate and the Chamber of Representatives; Congressmen; Jacquin; Ladies and Gentlemen:

I am here to open this special session of Congress amid difficult times, times of crisis. For the first time in many years, the institutional stability of our Republic is being threatened. Last year, when the Accusations Commission of the Chamber of Representatives issued a decision on my conduct during the campaign that won me the presidency of the Republic, I made the commitment that I would open a public debate on these charges so that they would be submitted to a thorough examination.

Last week, we learned about the new revelations made by former Defense Minister Fernando Botero to this effect. I am here to ask Congress to do justice. I am here to face the responsibility of opening this public debate, and I am doing this as both the president and a Colombian citizen. I have faith that the discussions that will take place in this facility will do so within the spirit of patriotism and measure demanded by the serious situation being faced by the nation. The eyes of future generations of Colombians will judge the patriotic spirit we display in confronting this dilemma.

I also ask the media to provide the public with steady and objective reports of whatever is discussed here. I ask the Congress to investigate me swiftly to reach a definitive solution to this crisis. Some persons have already advanced an unappealable guilty verdict and others have proposed that I be condemned without trial. I reject this attitude for being unjust and dangerous. The day we allow trials outside the judicial bodies we would have reestablished lynchings without the right to be heard.

This is precisely how I have felt in the past months, when my honor and my family's honor have been attacked with an unprecedented cruelty. This is precisely the reason why I have come to Congress to ask you for a due process in keeping with the Constitution and the state of law, as proposed yesterday by distinguished former presidents of the Liberal Party. In these past months, it has been demonstrated that the president of the Republic himself is the most defenseless of all the citizens regarding the meting out of justice. The recount of the manner in which my right to a defense has been systematically disregarded in the past months makes me shiver.

If I were really guilty, my enemies would not have required the many efforts they have exerted to cover up my innocence. The list of obstacles is long and diverse. My defense lawyer, Dr. Antonio Jose Cancino, was the victim of an attack on his life because he discovered the principle of the truth about the financing of my campaign, which is in the Accusations Commission's file. With legal sophistry, that was rejected in due time by the Constitutional Court's serene actions, they tried to undermine the authority of my natural judge to expedite the process.

Throughout this entire period, I have constantly received death threats against my family, which have intensified in the past days. Efforts were exerted to submit my wife, Jacquin, to the faceless judges' justice, without reason or right, to undermine me emotionally. The international media has depicted me almost like a criminal, with deplorable consequences for my own honor and that of my country. To leave no flank uncovered and to sow alarm and destabilize my government, some groups hastened to announce an alleged economic crisis that the growth indexes, drop in inflation, and foreign investment figures have categorically rebuffed by now.

Furthermore, in an act of irresponsibility, doubts were cast on the Armed Forces' loyalty to the Constitution. A bomb of suspicion has also been disarmed for the sake of the republic. Now, more than ever, our public force must be supported by the citizens' affection so it may continue to fulfill its role as guardian of the established order.

Dear Congressmen: No effort was spared when it came to creating all the obstacles possible to prevent us from proving our innocence. The policy of abidance by and cooperation with justice I defended in this hall and approved as a minister has been used to negotiate sentences and reductions of sentences by virtue of my prestige. Any person who decides to state something against the government or his president now knows he will immediately find loud and clear support for his ideas. Slander, turned into testimony, makes villains become heroes and sinners become repentant saints overnight.

The policy that strived to seek the truth through cooperation with the authorities has been recently used so the guilty may cleanse their own sins, besmirching the innocent and other people's honor. It also served so lies that were planned, approved, and reasserted by various witnesses could be disguised as public truths. The calculated and measured handling of the evidence has served to create great uncertainty concerning legal proceedings currently underway.

It is not a problem involving the prosecutor general of the nation, because I believe in his honesty, but of the oversight system itself, and of the abuses to which this system lends itself. Therefore, I want to tell the country, with serenity but also with firmness, that I am determined not to negotiate with my innocence; I will not incriminate anyone or avoid the responsibility of investigating certain conducts regarding the campaign. Justice already has this in its own hands. The only thing I request is a fair trial. I should be guaranteed the right to be presumed innocent; I should be guaranteed the right to freely discuss the evidence; I should be guaranteed the right to a hearing for my defense.

In a situation where many have already tried to take justice into their hands, the worst that could happen to us would be if arbitrary measures became the norm to settle disputes among the citizens. In sum, what I want to ask this Congress is for a quick trial, but with the guarantees that I am allowed by the Constitution and the law — nothing more and nothing less. I also come to assume a debate that must clarify everything for the country.

The practice of funneling illegally acquired money into campaigns has been going on in Colombia for years. With this in mind, I erected a barbwire fence of ethical controls at the very start to prevent illegally acquired money from entering this campaign.

The campaign was designed so that the political side and the administrative and financial sides would function independently. The campaign director handled the latter. I drafted an ethics code at the very start that sought to ensure the honesty of the campaign itself. However, the evidence of possible drug trafficking money in my campaign indicates that these controls may not have been enough.

I recognized that I made a mistake in the designing of the mechanisms of control and in the appointment of certain persons, who violated, for their own benefit, the rules I established myself. I also recognize that this circumstance has produced an outrage in the country, which I share myself, because, as you can see this afternoon, I am the first victim of what happened.

Judgment of the campaign itself must continue until the end. It is important to establish who contaminated it, as well as how and when and using what channels.

I repeat: I knew nothing of these improper actions. I am sure that this will be duly demonstrated in the end.

What the incidents have already proven over and over again is that I never reached any agreement with the cartels in exchange for a presidential benefit. Colombian and foreign authorities in charge of the fight against drugs know the way I personally led the operations that led to the successful arrest of the cartel.

This government has arrested and turned over to the Prosecutor General's Office more than 2,000 persons charged with drug trafficking. My government was the one that discovered and turned over to the authorities the pieces of evidence and the documents that will allow the authorities to prosecute them. My government was the one that obtained in this same Congress the approval of the toughest statutes against money laundering ever enacted in the world. This government, my government, has been the one that has made the most spectacular achievements in the destruction of illegal crops, the confiscation of chemical components, and the discovery of clandestine airstrips.

None of this, Congressmen, would have been possible if this government had not conducted a deep cleansing of the police corps in Cali. I am especially proud that all we have achieved was achieved without firing a single shot and without killing a single innocent person. Like all Colombians, I do not want the return of narcoterrorism in Colombia. I will do everything possible, as president, so that the fight against drug trafficking will no longer be engaged in a life or death dilemma.

In capturing the Cali cartel leaders, we demonstrated that we can fight drug trafficking without bombings or attempts on judges' lives or against freedom of the press.

I understand perfectly well how the doubts that have arisen regarding the financing of my electoral campaign can affect the credibility of the political mandate which I received from Colombian citizens in the last presidential elections. To overcome this situation and to reaffirm my commitment to the social program which led me to the presidency, I have presented an alternative of calling for a popular consultation to relegitimize that mandate. I understand perfectly well the question which various respectable sectors have regarding the consultation.

Some have said this appeal may polarize Colombian society. The reality is that our society is already polarized and a referendum could contribute to the restoration of a social consensus with the acceptance of democratic results.

Colombians may be sure that we will never ask the people, who have accompanied us with their solidarity, with their prayers, and with their support, to venture down the dangerous road of a confrontation.

The only thing I ask of them is a composed behavior and their continued voice of encouragement. That is enough for me. It is not true that with the referendum we intend to avoid the ongoing judicial process taking place in this Congress.

If this Congress accepted the referendum as an alternative to overcome the political crisis, it would be convened at the conclusion of the judicial process and the political mandate of Ernesto Samper Pizano, president of the Republic, would be at stake.

Above all, people have the right to dissent. I have been able to draw an intimate satisfaction out of this sour process. I never used power to change the course of events. No judge, no media, no journalist can lift his accusing finger to say that the president obstructed an investigation or that he negotiated a news report. No one can say that their legitimate right to disagree with the government has been curtailed. No one has been persecuted for his opinions, especially when in reference to the president and his family, even though there has been a deluge of misinformation, even though news was distorted, even though slander was spread, even though speculations were turned into certainties, even though reserved pieces of evidence were infiltrated, and even though a sensationalist spectacle of international interviews with prisoners willing to denigrate the president and his government throughout all the international media took place.

There is no doubt that they were able to achieve their objective. My name has been stained by this, but the image of this country has also been hurt because indicted persons were permitted to become international newscast stars. This places a big question mark on the credibility of our own justice system.

Some day, with a cooler head, we must hold a trial of the serious damage done on the country's image by those who did not reflect on time about what these procedures could cost Colombia abroad. Many persons, in view of this deluge of information, even openly recommended the adoption of police measures. I am pleased not to have done it. Perhaps, since my own honor was at stake, I could not harbor the slightest idea that I could obstruct freedom of the press, which is the essence of all democracies.

Tonight, I urge the media to allow the country to solve this crisis in peace, to allow the judges to continue fulfilling their work with the necessary discretion, and to allow the citizens to follow this process with serenity and faith in their institutions.

As president, I harbor no resentment toward any Colombian. As a person, I must confess that I have suffered mental setbacks that can only be compensated by the courage, solidarity, and loyalty shown by an immense majority of my collaborators and those who believe in my political project.

I must also give thanks for the popular support that I have received over these days. I have been especially moved by the presence in street demonstrations of humble and common citizens who have already benefited from the social benefits produced by my government's actions.

Politicians [words indistinct] that the solution cannot overflow the framework established in the Constitution and the laws. I agree. My democratic stock would, at any rate, prevent me from testing different remedies. In the same vein, however, I must underscore that I will under no circumstances accept formulas that tarnish the dignity of the presidency of the republic or that violate the state of law.

The decision of the Congress regarding political responsibilities is as important as the rigorous examination of my conduct by the gentlemen who are representatives in the Chamber. Today, I have asked the Accusations Committee to reopen the process, which was closed by [word indistinct] writ last December, to facilitate the second instance of the process that, if needed, should end in the Chamber itself. As of right now, I manifest before you that I will accept any formula agreed upon to guarantee the absolute transparency of the process that ensues.

I will assume my own defense before the Congress because I can no longer ask lawyer Cancino to continue risking his life to represent me. I also urge the prosecutor general to guarantee this process with his presence. Once the debate we start today is over and after the verdict is known, we will have to find resources to legitimize the remaining period of my mandate.

Some people believe that the only possible path, before or after, is the withdrawal of the president. You can be sure that if I were convinced that this were the best path for the country, I would not have hesitated to do so now. I have never and will never do anything in the rest of my public life that is not geared to benefit the best interests of Colombia. This story of passion that I have told you cannot end, as all stories, without some moral lessons. I redeem before the entire world the painful role that Colombia has played in the struggle against the universal scourge of drug trafficking. On many occasions we, Colombians, have felt alone in this struggle: As in Aesop's paradoxical fable of the tortoise and the hare, when we think that we have advanced sufficiently someone points out that we are still far from the goal.

For some time now, drugs, with all their evils and corruptions, have infiltrated many spheres of Colombian society. The country, in a way, grew tolerant of it and it is now paying a high price for that reticence. We have, however, also learned how to fight it, to fight drugs in the name of the entire world. This is proclaimed by the illustrious and untold dead that it has produced, all the economic costs that we have paid for maintaining it, and all the [word indistinct] pains that have generated pains such as the one that has prompted us to meet this afternoon.

Colombia's right to a life free of drugs is as legitimate as its right to reject the interests that are currently trying to turn our country into a narcodemocracy by trying to place, in a utilitarian way, on the Colombians the responsibility of fighting this phenomenon of which we are not the executioners but the main victims.

With this pride and dignity and by always keeping in mind my obligation to defend national sovereignty, I have in these months carried the heavy cross of a society that has been intentionally branded as narcotrafficking before the world. Those coming behind me will understand how hard it is to fight this stigma and the disillusionment that this struggle brings.

In the past months, I have seen the rending of many tainted garments and watched how many first stones were cast that turned out to be made with the mud of complicity and permissiveness in the consumption of drugs in Colombia. Some people have used my case to further their future electoral aspirations.

This debate, regardless of its consequences, has to leave us, for the good of Colombia, concrete and positive facts. One of them, undoubtedly, will be to start to put down the narcotization of public opinion, which has turned the drug issue into the only issue in the national debate. Colombians want to hear about other things. Colombians want to hear about jobs, housing, health, security in their homes, quality of life.

We have learned our lesson. We must now find authentic solutions. We have the duty of ensuring that the government finance all presidential campaigns in the future so that this nightmare does not happen to us again. It is also necessary to implant more drastic and refined controls to thwart the infiltration of illegal monies, not only in politics but also in all the activities of society and the economy.

Congressmen: Never before, as today, is the fate of the nation so determinedly in your hands. You have most of the serious responsibility of deciding the future of the nation. Contrary to what some people believe, the immense majority of the political class, represented here, is honest, sensitive to the country's problems, and interested in finding the right solutions to those problems. I have faith that this chamber will measure up to the historic occasion as is demanded.

You also represent something that is very valuable. You represent the Colombian provinces which have expressed, through their governors and mayors, so much solidarity with the national government in these hours.

The one who talks to you was a victim of a physical attack a few years ago. I was able to survive thanks to God's help and to my infinite love for life. Now, I have been the victim of a moral attack, which has personal and political consequences, and I come to respond to it with my head [word indistinct]. After I won the second chance to live, I have nothing to ask of life except the right to continue to serve all Colombians and to receive from them the only title to which I aspire at the end of my mandate, that of being an honest president who turned the attention to the social needs of his country into his compass and his fate. I formally declare these special sessions open. Thank you. [applause]

Colombian President Reiterates Decision Not To Resign

PA3001195596 Santa Fe de Bogota Inravision Television Canal A Network in Spanish 1730 GMT 30 Jan 96

[Report by the "Colombia 12:30" newscast]

[FBIS Translated Text] President Ernesto Samper Pizano once again denied speculation that he is preparing to resign from the presidency of the republic.

[Begin Samper recording] Contrary what many may be thinking, believe, or seek, my government continues in office. Both, my government team and I have contracted a constitutional responsibility which we have sworn to honor and intend to honor. Let there be no doubt, as unjust as the attacks may be, we have always decided to place our feelings aside and the duty toward Colombia and its people before anything. [end recording]

Colombian 'Extraditables': Samper Received Drug Funds

PA3101020696 Santa Fe de Bogota EL TIEMPO in Spanish 30 Jan 96 p 6A

[FBIS Translated Text] The pseudonym that the Medellin cartel used to claim all its terrorist attacks and that literally disappeared after the death of Pablo Escobar Gaviria reappeared yesterday in an anonymous eight-point letter addressed "to all Colombians."

Although neither the authenticity nor the origin of this letter have been yet established, experts believe that the communique was reportedly drafted by a group of drug traffickers housed in La Picota Prison.

Those who call themselves "the Extraditables" assured: "We did not include our signatures and fingerprints, because we think that everyone knows who we are."

In the letter, they claim to have financed the campaign of Ernesto Samper and say that they are willing to speak the truth and to cooperate with justice in exchange for respect for the constitutional provision against extradition.

"Given that we (the Extraditables) have been threatened with extradition to keep us silent behind bars, today we decided to follow the example of former Minister Fernando Botero of definitely cooperating with Colombian justice, but we ask the Colombian people to prevent our extradition, to ensure that we receive the protection granted by the Constitution," the communique stated.

The text of the communique, whose authenticity is being checked by the authorities, reads as follows:

"To: All Colombians.

"From: The Extraditables.

"Those of us who are called the Extraditables and who are waiting behind bars with stoicism for our sentences for having committed the crimes of illegal enrichment, serving as front men, and drug trafficking want to help save the country and all citizens who have been fooled, by reporting the following:

"1. The crimes for which we are being tried are part of the legal provisions.

"2. Presumption of innocence is a right that protects all of us who are being tried.

"3. In view of the crisis facing the country and the people, including our families, along with the Extraditables, those who are behind bars as well as those who are not, have decided to save all Colombians by preventing a confrontation provoked by anti-patriotic causes such as public immorality and a lack of dignity on the part of the rulers and leaders.

"4. Doubts about the existence of or use of our money by the Liberal Party during the second round of the presidential campaign of Mr. Ernesto Samper (sic) must not continue to divide the conscience of the Colombians.

"Thus, all the polemics unleashed, consulted, modified, and even improvised around the true responsibility of Mr. Samper, who has denied by all means our support with drug trafficking money for the campaign of the presidential candidate, are unconceivable and unacceptable. (sic) [sentence as published]

"5. Given that we (the Extraditables) have been threatened with extradition to keep us silent behind bars, today we decided to follow the example of former Minister Fernando Botero by definitely cooperating with Colombian justice, but we ask the Colombian people to prevent our extradition, to ensure that we receive the protection granted by the Constitution, that we not be extradited in retaliation for saving the dignity of 34 million Colombians and for safeguarding the rights all good citizens.

"6. Current President Mr. Ernesto Samper seeks to involve all Colombians in a criminal act by calling a referendum (sic) to prove his innocence. This means that he is uncertain about the Colombian laws that are currently being used to try him, because of the presence of our money in the second round of the campaign that brought him to the presidency.

"7. After observing the patriotic attitude of the friends and colleagues of Ernesto Samper, some of whom are currently under arrest and others who will be arrested and who have confessed their responsibility for having received our money to support the second round of the presidential campaign in 1994, those of us who are threatened with extradition to keep us silent say that we indeed delivered to Mr. Ernesto Samper money in cardboard boxes to finance the second round of his presidential campaign.

"8. Finally, we urge all Colombians to demand absolute respect for their rights as honest citizens and to not allow future generations to be branded as narcos as they are at present because of us. We ask for your forgiveness for the damage we have caused to the entire world.

"Our die is cast; we want to preserve the unity and integrity of all Colombians, including our own children. Mr. Prosecutor General of the nation save the fatherland.

"[Signed] The Extraditables.

"We did not include our signatures and fingerprints because we think that everyone knows who we are. [no closing quotation mark as published]

Columbia's 'Extraditables' Drug Group Offers Help

PA3001215096 Madrid EFE in Spanish 1534 GMT 30 Jan 96

[FBIS Translated Text] Santa Fe de Bogota, 30 Jan (EFE) — The Extraditables [Los Extraditables], who staged various attacks between 1988 and 1991 to protest the policy of deporting Colombian drug traffickers to the United States, has reemerged. A communique attributed to this organization appeared today, offering to cooperate with Colombian justice in exchange for respect for its members.

The communique, published in Santa Fe de Bogota EL TIEMPO, deals with the crisis facing Colombian President Ernesto Samper's government. Samper has been accused of financing his election campaign with money from the Cali cartel. The communique points out that the drug traffickers "did give money" to the then-Liberal Party candidate in 1994.

The newspaper says that the authenticity of the communique is being investigated. Experts from security organizations affirm that it could have been drafted by several drug traffickers in Bogota's La Picota Prison.

The Extraditables ask to be forgiven "for damage caused to the entire world" and express their concerns over a nation divided over "public immorality and the lack of dignity among government people and leaders."

The Extraditables say that they have been threatened with the reinstatement of extradition to keep us "quiet behind bars."

"We are not signing this, for we believe that everybody knows who we are," the communique says. It adds that the Extraditables "are behind bars stoically awaiting sentences on the crimes of illegal acquisition of wealth and frontman and drug traffic activities."

"We want to help save the country and all the citizens who are being fooled," the communique notes. It praises "the patriotic attitude" of several Samper aides now under arrest, including Fernando Botero, former manager of the election campaign and defense minister for one year. Botero revealed on 22 January that the president "did know" about the arrival of Cali cartel funds in his electoral organization. Botero said later that it was the president who sought that financing. This statement worsened the scandal that is rocking Colombia. Samper proposed several ways to overcome the crisis, excluding his resignation. His proposals included some sort of plebiscite which, according to the Extraditables, is "a crime."

The Extraditables, who claim they prefer "a grave in Colombia to a cell in the United States," apparently were members of the Medellin cartel directed by Pablo Escobar, who was killed by the police in 1993. The Extraditables suspended their presssure activities in 1991 when the extradition of Colombian nationals was abolished.

La Picota Prison holds the two alleged top bosses of the Cali cartel — Gilberto and Miguel Rodriguez Orejuela. They were arrested in June and August, respectively, of last year. The third boss of that organization, Jose Santacruz, was also being held there but he escaped on 11 January of this year. He had been arrested in July 1995.

Colombian Police Uncover Assassination Plot

PA3001190996 Santa Fe de Bogota Inravision Television Canal A Network in 1730 GMT 30 Jan 96

[From the "Colombia 12:30" newscast]

[FBIS Translated Text] Attention. This is a special bulletin. A few hours ago, the police and the Prosecutor General's Office uncovered a plot to assassinate journalist Alberto Giraldo and Julian Mochillo Posada, who are being held at the Modelo Prison in Santa Fe de Bogota. The news was confirmed to this station by their counsel for the defense, (?Cheo) Duarte.

[Begin Duarte recording] There was plot to assassinate Giraldo and Mochillo. Apparently, the plot has already been uncovered and one person arrested and taken to the Modelo Prison. Also, there was apparently a firearm in the prison. The plan had been devised by a former convict. There was an accomplice inside the prison. [end recording]

The arrested person was handed over to the Regional Prosecutor's Office.

Colombia's ELN Said To Issue Death Threats

PA3001182796 Santa Fe de Bogota Emisoras Caracol Network in Spanish 1735 GMT 30 Jan 96

[FBIS Translated Text] Commando units of the so-called Army of National Liberation [ELN] have seemingly issued death threats against Orlando Obregon, labor and social security minister [title as heard]. As a result, the government is very concerned about the situation and reinforced the security around this minister.

Colombian Report Views Military Ties With Samper

PA3001220196 Santa Fe de Bogota Inravision Television Canal A Network in Spanish 0230 GMT 30 Jan 96

[From the "QAP News" newscast]

[FBIS Translated Text] The government has just named General Rafael Hernandez Lopez as commander of the Second Army Division with headquarters in Bucaramanga. He is replacing General Ricardo Emilio Cifuentes, the general who resigned Friday saying he no longer believed in President Ernesto Samper. His resignation is still giving the military lots to talk about.

[Begin recording] [Reporter Clara Elvira Ospina] This is the billboard that military school cadets saw every day on their morning march. [Screen shows billboard with Samper's campaign slogan: "This Is the People's Time"] Gen. Agustin Ardila had it installed then, but when Gen. Ciefuentes arrived the billboard was changed. [Screen shows billboard that reads: "Military School. Temple of Example."] He said that the Guayacan parade ground was not meant for government politics.

It is evident, according to his own colleagues, that Gen. Cifuentes had been estranged from President Samper for some time. For that reason, what he did Friday did not cause much surprise.

[Ciefuentes] The president does not deserve my support.

[Ospina] So far, his resignation has only had one effect, that is, to cut more deeply between opposing camps. The president's friends accuse Ciefuentes of opportunism. Those who are not so friendly to Samper praise his courageous attitude. The rumors of more resignations were silenced today, but grumbling among junior officers was on the rise because of the support the top military officers gave to Samper on Monday.

Some top officers said they had no intention of going to Narino Palace to support the president, and that after accompanying the defense minister as part of the protocol they wound up trapped in a meeting in the palace, camera and all. Others said that night the words of unrestricted support for the president abounded. [end recording]

Colombian Executive Appoints Foreign Trade Minister

PA3101043596 Santa Fe de Bogota Inravision Television Canal A Network in Spanish 0230 GMT 31 Jan 96

[Telephone interview with new Foreign Trade Minister Morris Harf by unidentified anchorwoman; from the "QAP News" newscast; place not given — live]

[FBIS Translated Text] [Anchorwoman] Bogota economist Morris Harf was appointed new foreign trade minister today. Harf worked with former Colombian President Carlos Lleras Restrepo at the NUEVA FRONTERA magazine for several years. He is a very successful businessman and the first minister who is a member of the Jewish community in Colombia.

We have just contacted him. Good evening. Is it difficult to accept a Ministry at a time of crisis such as this one?

[Harf] I enter the cabinet of President Samper as a technician, as an expert in economic matters, and hoping to render a service to the country. I believe the country has to continue to advance and that we must continue to back Colombian exporters to be able to achieve all the objectives of Colombia's foreign commerce.

[Anchorwoman] Thank you, Dr. Harf.

Colombian Senator 'Determined' To Tell Truth

PA3001170896 Santa Fe de Bogota Inravision Television Canal A Network in Spanish 1313 GMT 30 Jan 96

[Interview with Senator Maria Izquierdo by reporters Fernando Gonzalez Pacheco, Maria Clara Gracia, Lucia Esparza Baena, and Jesus Garzon at the Inravision Television studios in Santa Fe de Bogota; from the "RCN 7:30" newscast — live]

[FBIS Translated Text] [Gonzalez] Senator, let me ask you the first question. I do not want to talk a great deal about politics, because I think the country is fed up with politics. However, I will ask you something about it. First, we are asking a question to television viewers, as well as radio listeners. Do you believe Congress... [pauses] do you believe in Congress being the judge of the president of the Republic? Answer me not as a congresswoman, but as a Colombian.

[Izquierdo] Let me see, Pacheco. I am about to tell the truth, and I had rather be prudent on this issue, because I will speak this afternoon. If I think as the rest of Colombians do, Congress may prevent certain people from delivering speeches.

[Gonzalez] Then we have guessed your answer, more or less. Let me be candid with Colombians and television viewers. You just told that me you were going to speak in Congress this afternoon and that you were going to say many things, but that you do not know if you are going to be allowed to speak? How so? How so you are not going to be allowed to speak?

[Izquierdo] When something is unadvisable, they [not further identified] do not let that person speak. Since we are so many — especially when the Senate and the Chamber of Deputies get together — then one requests to speak, and the Senate president could well argue that he did not see me as I am a very unimportant person. When it is unadvisable for a person to speak, almost always the microphone becomes out of order, disappears, or does not work.

[Gonzalez] You are saying so many things without your actually saying them. First, we already know or guess your opinion; second, you said that you are an unimportant person in Congress, that the microphone does not work. Do all these things really occur in Congress?

[Izquierdo] Yes, of course. We have to be fair, Pacheco; there are very good people there. Making generalizations is dangerous. There are good people, people who want the truth. However, there is also a current supporting the president. Sometimes, it is sharply doing so. Yesterday I visited Congress, and some congressmen were rude to me; they scolded me. So, one sometimes fears these expressions of too much solidarity for the president.

[Gonzalez] Is this current supporting the president, as you mentioned? Is it truly supporting him, or is it supporting him because it is advantageous for its members?

[Izquierdo] Politics is the history of advantages; it is the merger of all advantages. We find everything in politics: there are good, bad, and regular people. Then, some support the president because it is advantageous for them; others because of conviction, because of their parties, because of the presidential institution. Others think a great deal about it. Others, like me, are determined — I hope many of us are — to tell the truth.

[Gonzalez] There are good, bad, and regular people in politics. Were you a good, bad, or regular person?

[Izquierdo] We mirror the country, Fernando.

[Gonzalez] But you are not answering my question.

[Izquierdo] There are good, bad, and regular people in the country, and Congress is good, bad, or regular. I believe I made a mistake. I cannot consider myself a good person, because I made a mistake.

[Gonzalez] Does all this you are saying have to do with something you continuously carry with you all the time, something I now have on my hands, the Bible?

[Izquierdo] Fernando, more than the Bible, it is my own internal conviction to mend my mistakes, to clear my name, to leave politics in a dignified manner, to end my political life. In life, one must be courageous; one must make decisions at some point in one's life. One must give his life without cowardice. I am determined to tell the truth. Obviously, many readings influenced me, not only the Bible.

[Gonzalez] What does your... [pauses] How many daughters do you have?

[Izquierdo] My children are abroad.

[Gonzalez] What do they think of the situation you are currently facing?

[Izquierdo] I do not let them have an opinion.

[Gonzalez] You don't?

[Izquierdo] No.

[Gonzalez] Why?

[Izquierdo] Because they left without knowing what was going to happen.

[Gonzalez] They didn't know? They must know by now. Have you not talked to them?

[Izquierdo] It is better for my family, as well as for many of my friends, to be away from me.

[Gonzalez] This is something new. Why do you think so?

[Izquierdo] Because I asked everyone; I was going to make a decision. If I was going to ask my family, they would have been involved in this. I did not want them to face danger, so I separated myself from my family, from my lifelong friends. I devoted myself to what I had to devote myself to.

[Gonzalez] How are your relations with... [pauses] were you, are you, were you, are you still a very good friend of President Samper?

[Izquierdo] No, I think President Samper is a good person who made a mistake. He has been saying a collective lie to the country. However, personally speaking, I have nothing against him. I do not feel rancor or endearment toward him; on the contrary, I believe that we have to advise him and make him tell the truth.

[Gonzalez] Have you talked to him since you made your decision?

[Izquierdo] No, it is obvious that... [pauses] you are aware of the lack of character in this country. Everybody stays away from the person who is telling the truth, who is determined to make such a drastic decision as mine to tell the country I made a mistake, forgive me. I am going to tell the truth.

[Gonzalez] Dona Maria, do not leave yet. The truth is that, for good or for bad — forgive me for telling you this — it is a pleasure to talk to a person who is telling the truth without mincing words. Forgive me.

[Gracia] We continue our talk with Senator Maria Izquierdo in our studios. My question is this: You are a woman who has had many privileges thanks to politics. Today, those privileges are about to end. Are you prepared to go to jail?

[Izquierdo] The best privilege I can obtain by leaving politics is to return to my family. I think I lost many privileges by being active in politics, because I saw my daughters growing without realizing when it happened. I am prepared for everything in life, even jail.

[Gonzalez] Senator this is my question: You will go the Congress this afternoon. Are you going to bring proofs that corroborate that the president received money from drug traffickers? Since you charge that the president knew about the drug money in his campaign, it will be worth while to learn the names of congressman whom you accuse of lacking the courage you have to report it.

[Izquierdo] I am not accusing anyone. I am simply narrating some facts and providing an account and some proofs within the process taking place in the Supreme Court of Justice. It is up to the justice system to clarify the rest. In may case, I will adhere to the truth and facts. I ask my colleagues in the Senate and the Chamber of Representatives, who know that truth, to take heart and seek that path. I ask them not to be afraid to come here to Pacheco and you to tell the truth for the good of the country, our children, the credibility of the Congress, which today the former presidents are now guaranteeing. [Ezparza] Thank you senator. Jesus Garzon has other questions from the editorial room. Go ahead.

[Garzon] Thank you, Lucia. I have a specific question for the senator. You confessed you carried some boxes of money to the campaign, sent by Santiago Medina and President Samper. Are there sufficient written documents to comprise President Samper to the point that he may be toppled.

[Izquierdo] There has to be trial. The Liberal Party has requested it and so did the former process. This is a month-long process, which the president will request this afternoon. Justice must provide the proofs, as that is its role. I repeat very sincerely. This is a process and we must allow the president the means to defend himself, because the worst error is the one that has been committed against one, since one has been convicted before being tried.

[Gonzalez] I will make a final question before thanking you for appearing here. After you recognized how your political life has been, do you think people will believe you now?

[Izquierdo] Since I am not going to be a politician again, since I will not participate in party politics, since my political life is finished, the people have to believe me because my conscience is clean, and the most important thing is that I believe in myself.

[Gonzalez] Thank you for accepting this invitation. You be the judge of her answers, we will not. Even though we are Colombians, we do not make any comment. Here is the final answer to our question: 58 said no, 17 said yes. What do you think, Senator?

[Izquierdo] Pretty worrisome.

[Gonzalez] This is something we are fully in agreement, Senator. See you all tomorrow at 0730. Thank you.

Colombian Senator Arrested, Says Samper Received Funds

PA3101021896 Santa Fe de Bogota Inravision Television Canal A Network in Spanish 0000 GMT 31 Jan 96

[From the "Seven O'Clock Newscast"]

[FBIS Translated Text] [Begin unidentified reporter recording] Senator, are you innocent? Silence gives consent? [end recording] [Video shows reporter talking to Senator Izquirdo, who does not answer]

Those were the last images of Senator Maria Izquierdo before the Supreme Court of Justice ordered her preventive arrest. Minutes before, she had delivered before Congress a fiery speech in which she assured listeners that she received cash from the Cali cartel for the presidential campaign. In her speech, which was abruptly interrupted by state-owned television, the senator showed documents that reportedly prove the infiltration of drug money into the presidential campaign:

[Begin Izquierdo recording] I arrived at 2300, and he handed me 30 million pesos. I will now show the receipt I signed for Dr. Santiago Medina. Here it is; I signed this receipt for him. This is the truth. [end recording]

The arrest warrant was a Supreme Court decision for the alleged crime of illegal enrichment. The court ordered an arrest warrant without the right to release on bail.

Meanwhile, a high-ranking government official explained to the "Seven O'Clock Newscast" the reasons why the speech of arrested Sen. Maria Izquierdo was suspended. According to the official, during the installation of Congress sessions, Colombian television traditionally only transmits the speech of the president of the Republic.

An Inravision official, who apparently was unaware of this rule, continued the broadcast. As soon as Senator Maria Izquierdo was on the air and after the official realized that he should have interrupted the signal after the conclusion of Samper's speech, also without making any consultations, he interrupted the parliamentarian's speech. This official was asked to give explanations to his bosses.

Colombian Senators React to President Samper's Speech

PA3101045796 Santa Fe de Bogota Inravision Television Canal A Network in Spanish 0230 GMT 31 Jan 96

[From the "QAP News" newscast]

[FBIS Translated Text] After the standing ovation given to him by a sector of the Congress, the opinions for and against President Samper's speech have come out:

[Begin recording] [Senator Luis Gutierrez] The guy made a negative comment about the Prosecutor General's Office of the Republic that I do not share because, of course, it is currently the judicial branch that has more credibility in the country and public opinion.

[Senator Gustavo Espinoza] I liked it a lot. I believe he is very brave.

[Unidentified senator] Very balanced and sound.

[Senator Juan Camilo Restrepo] Many questions are still unanswered. The main one is why exactly has he summoned the Congress? At times, the president's speech gave the impression that what is important is to hold a debate of a political nature.

[Senator Ingrid Betancourt] I would prefer not to give you a reaction, because I believe that representatives are going to be the judges of the president.

[Senator Yolima Espinosa] I think it was well thought out. Now, what we require is for Congress to act with total independence and impartiality.

[Senator Jose Renan Trujillo] I believe he is a citizen who is asking the country to give him the opportunity to defend himself with dignity and integrity. [end recording]

Colombian Congress President on Crisis

PA3001205296 Santa Fe de Bogota Emisoras Caracol Network in Spanish 1200 GMT 30 Jan 96

[Interview with Congress and Senate President Julio Cesar Guerra Tulena by Dario Arizmendi and Fabio Callejas, and Edgar Artuduaga in "Caracol's 0600 to 0900" newscast]

[FBIS Translated Text] [Arizmendi] This afternoon there will be two addresses at the installation of Congress, that of Chief of State Ernesto Samper and that of Congress and Senate President Dr. Julio Cesar Guerra Tulena.

Good morning, Dr. Guerra Tulena.

[Guerra Tulena] Good morning, Dario.

[Arizmendi] What will you say?

[Guerra Tulena] Dario, at special sessions only the chief of state speaks. No member of the board of directors can speak.

[Arizmendi] This is a very important point. The installation is by the president. You do not answer. No one else speaks.

[Guerra Tulena] No one else speaks. The chief of state then leaves and we decide, with the political forces present, whether the debate should be initiated then or the next day with congressmen juntas from all the parties.

[Arizmendi] Would you be in favor of the session being convoked for tomorrow?

[Guerra Tulena] Dario, the president of the Chamber and I want to be as broad-minded as possible so that all guarantees may be offered for the initiation of the political debate.

[Arizmendi] The political debate will be carried out separately by the two houses?

[Guerra Tulena] This is a logistics problem that we have not analyzed. I think that later this morning, when I meet with congressmen from several regions of the country, we will decide on that, if we reach an agreement, so that we may session formally within the informal framework and hold the debate in one single joint session.

[Arizmendi] Of course. There are several issues involved. Antonio Jose Cancino, President Samper's former attorney said that the Investigations and Accusations Commission should provide all the evidence it may receive from the Prosecutor General's Office in relation to the new events, to a plenary meeting of Congress so that the debate may begin. Are you in favor of this formula?

[Guerra Tulena] Yes. Everything that adds clarity to this process within the legal framework must be done. Especially considering that the natural judge of the president of the Republic is Congress, regardless of whether some media sectors like this or not. If this is not desirable and new evidence makes the prosecutor general believe there is merit to reopen the process, then he must immediately send this evidence to the Accusations Commission.

Regarding disqualification comments by some columnists and media on some members of the Accusations Commission I must say that so far no one, no organization, has disqualified them or termed them ineligible for reopening the process. If some say that members of the commission enjoy little credibility, let it be said who are these members.

It is necessary that the reserves of the inhibitory ruling be legally lifted. There is much talk about a commotion decree. Fine, anything, as long as it is legal, so that we may inform the people.

[Arizmendi] Do you back the Investigations and Accusations Commission because of its low credibility? Aren't you in favor of renewing it to make the process more clear?

[Guerra Tulena] Dario, this is not for me, but for a plenary meeting of Congress, to decide. The question is: Who is entitled to decide that the members of the Accusations Commission enjoy little credibility? On what basis? Do they know the entire process of the inhibitory ruling?

It is necessary that these rulings be lifted.

[Arizmendi] There is a legal basis: the accusation before the Supreme Court of Justice by Attorney Jesus Vallejo Mejia. Since the members of the commission are the object of a preliminary investigation by the court, don't they have to declare themselves impeded?

[Guerra Tulena] Dario, I am not a lawyer but with basis on what I have learned throughout my life I believe that if the charges against the members of the commission had strong and serious footing, all of them would have been called directly to an inquiry.

In the legal setting, preliminaries mean, take your time so that things are forgotten. This is what I think.

[Callejas] Maria Izquierdo, a congresswoman involved in Case 8000, has said that she will offer the Senate information linked to this case during its session today. Should those involved in Case 8000 attend the session or not? How do you feel about this?

[Guerra Tulena] Congressmen and colleagues being investigated on alleged links with drug traffickers through campaign financing once blasted me and chewed me out on this issue. I clarified my position yesterday. I do not know if Caracol carried that.

[Arizmendi] Yes, sir.

[Guerra Tulena] This matter concerns them personally. It would be in credibility's best interest if you did not question them; they have not been found guilty; they are merely being investigated; they enjoy all their rights as congressmen; they have their credentials. Anyone should be able to attend special sessions of Congress, and those who are prevented from doing so can ask the court for permission to attend.

[Artuduaga] Was it constitutional for the Accusations Commission to revoke the inhibitory ruling?

[Guerra Tulena] Please repeat your question, Edgar.

[Artuduaga] Yes, sir. Was it constitutional for the Accusations Commission to revoke the inhibitory ruling at the end of last year?

[Guerra Tulena] The inhibitory ruling is not definitive, Edgar. Inhibitory rulings can be lifted at any moment if the Prosecutor General's Office finds evidence creating merits for opening the inhibitory process. This can be done by the Accusations Commission with evidence that the Prosecutor General's Office could provide or, as Dario proposes, with evidence that the Accusations Commission may send to a plenary meeting of Congress. They should ask themselves about this. The commission, as well as the chamber, is an autonomous and sovereign body.

[Artuduaga] How do you feel about the communiques that the former Liberal president and the Liberal Party's national directorate have issued? Much is being said. People wonder why there is so much talk about the president's imminent departure and why the social boost and the social program are being pushed. The message seems to be that if he were absent, Humberto de la Calle would be obliged to fulfill this program. What is your opinion?

[Guerra Tulena] The media has already waged the political debate. Little has been left for us to consider. I hope that Congress will discuss this delicate and important matter — that is, the crisis weighing down on this country — carefully, seriously, responsibly, and with a sense of patriotism so that we can overcome the situation in the best possible way. I hope they will call for the attention of the media and of the people and of those involved in this crisis to overcome it calmly, cordially, with patriotism so that Colombia may emerge the winner.

As for the communiques that the former president and the Liberal Party directorate have issued, it has been decided that Congress is the natural judge of presidents. They did not decide this and neither did we. The constituents of 1991 decided this. Official decisions must be respected. There is the presumption of innocence. This is a universal principle of law. Prisoners are evaluated on their good faith, so why not the chief of state? This is unjust on the part of those who criticize this judicial process.

[Callejas] Jaime Aria Ramirez, president of the Conservative Party's national directorate, announced yesterday that his party fully backs Vice President Humberto de la Calle as the way out of the crisis and that it objects to the consultation. What is your opinion on this position?

[Guerra Tulena] Let's wait and see what happens. Let's not rush them. Events cannot be pushed. We must let things march on as they must. The Conservative Party has every right to adopt a position. I do not want to get ahead of events because I do not know how all this will end.

[Arizmendi] One final question for the Congress president, something that everyone is asking: How soon will we have an institutional solution to the crisis? Weeks? Months?

[Guerra Tulena] There are legal experts who say that through a disturbance decree based on the internal disturbance decree approved by the Constitutional Court the president can accelerate the period in the Accusations Commission, lift proceeding restraints in that commission, and have results in four weeks.

[Arizmendi] Will we know the president's fate in four weeks?

[Guerra Tulena] Could be, if the president adopts this decision, according to these legal experts, because if there is something annoying and complicated in this country it is constitutional and penal law, which so often contradicts itself.

Colombian Conservative Party President Interviewed

PA3001195896 Santa Fe de Bogota Emisoras Caracol Network in Spanish 1200 GMT 30 Jan 96

[Telephone interview with Jaime Arias Ramirez, president of the Conservative Party, by Caracol news director Dario Arizmendi and unidentified reporter — live]

[FBIS Translated Text] [Arizmendi] Much political activity is about to take place. There is tremendous expectation due to the president's address this afternoon at 1600 during the opening of special sessions at the National Congress. The position adopted by the Liberal Party [PL] national directorate has been fully explained on this newscast by PL member Emilio Lebolo Castellanos. On the other hand, the position adopted by the president of the National Congress has been explained by its president Julio Cesar Tulena. Now we will be listen to the Conservative Party's position as explained by Dr. Jaime Arias Ramirez, president of the national directorate of the Colombian Conservative Party. Dr. Arias, good morning.

[Arias] Good morning, Dario. How are you?

[Arizmendi] Who influenced you of the need to change positions with respect to not vetoing Humberto de la Calle as the most likely candidate to replace President Ernesto Samper Pizano if congress and the court finds him guilty, or if he simply decides to resign?

[Arias] Dario, we have not shifted our arguments. We are still resorting to the same ones. At this time we are simply reinforcing the legal aspects of our arguments more than the political aspect. We have already said that if the presence of illegal funds during the campaign of the Samper - De La Calle formula is proven, then there will be doubts with respect to the credentials of both of them. Without a doubt we maintain that position. However, we also believe that from the legal point of view, the replacement of the president by the vice president is, of course, a constitutional instrument. Second, we have never attacked Dr. De La Calle since we believe that at this time he is not legally involved and has no penal responsibility in what is taking place. This is what we have explained so that it will not be misconstrued that the Conservative Party is vetoing Dr. De La Calle just so that nothing will be done. I repeat, this is not a shift in position but an emphasis on a judicial position, and even President Samper said the same thing during a report broadcasted last Sunday from his country house. Therefore there is nothing here to be surprised about.

[Arizmendi] That so-called doubt with respect to the origins of funds used in Dr. Samper's campaign, has that always been your own position or is it shared by the rest of the board of directors?

[Arias] I first voiced this same doubt during a senate debate that took place more than six months ago, but the National Conservative Party board of directors has supported me now. It is for this reason why in the last pronouncement we clearly stated the same thing. The same thing took place during yesterday's declaration where I was once again supported by the entire national board of directors. Maybe there are individuals within the party who do not agree, but this latest pronouncement is the party's position.

[Arizmendi] Hypothetically speaking, if tomorrow the legal problem is surmounted, then we would have a political doubt. Under these circumstances, would the board of directors then adopt a second position based on this possibility we have just mentioned?

[Arias] With respect to this issue, we have a relatively clear position, since no one here can claim that they have the final word. We believe that what must take place is a political trial where, of course, the president will be granted all guarantees, which sometime it would seem as if he was not receiving. The only thing about a political trial is that it will end in several results, one of which would be that the president would either have to resign or he would declare himself unworthy. It is here were we are not ruling out the likelihood of Vice President de la Calle taking over. I believe that the steps are very forewarned and that what is coming now for the country should be a political trial and not the political debate Dr. [Horacio] Serpa and president have been calling for, but a trial with all formalities since on the contrary the country will be destroyed...

[Arizmendi,interrupting] According to your interpretation, what is the difference between political debate and political trial?

[Arias] Look, Dario. We already had a political debate several months ago. You can surely recall a situation involving several ministers, all the rhetoric from the parliamentarians, and then we all heard Dr. Serpa speak sometime at 2200 [0400 GMT] and then nothing occurred. On the other hand, a political trial has a certain degree of formalities and it has legal consequences. It starts with what has been taking place during the past few days, a reopening of the enquiries, and afterwards new evidence is presented before to the chamber of deputies.

Hopefully, I propose, the Accusation Commission will simply provide a simple explanation and will leave it to the chamber of deputies to conduct the investigation. If the chamber believes there is sufficient evidence it files charges against the president before the senate. The senate, in turn, will be responsible for opening a trial where there will be prosecutors and defense lawyers just as what took place with General Rojas Pinilla. Finally, the trial will end in either one of the following three outcomes. Either the president declares himself unworthy, his file is sent to the criminal chambers of the Supreme Court of Justice in which case the president will have to resign, or the president is found innocent. There is a indeed a big difference between a trial and a debate. I believe that the proposals being made nowadays make no sense whatsoever if they lead to just another debate.

[Reporter] Dr. Arias, what happens if during the political trial the president of the Republic comes out unscathed and is found innocent? Would the entire procedure stop, and there would be no referendum? What position would the Conservative Party board of directors adopt?

[Arias] If the president is found innocent, there is no doubt, from the legal perspective, the situation will have been solved, the president would not be condemned and he would be acquitted. The other issue which I an unable to answer is related to the political implications and if the country then decides to turn against congress and then suddenly congress's decision has to be revoked. How the country would react is a totally different issue. At any rate, evidently from the legal point of view there would be no doubt. If congress decided to acquit the president because they believe in his innocence, then there is nothing else to do and that would be the final ruling.

[Reporter] Would you agree or not, on two aspects precisely related to the Chamber of Representatives Accusation Commission. There has been talks with respect to calls for the members of the commission to be replaced and revoke their decision acquitting President Samper.

[Arias] I believe the commission does not have much credibility at this time and that having Dr. Heini Mogollon once again would not lead to anything productive. We have to seek some solution to that problem. My personal opinion is that the Accusation Commission should provide a very brief explanation on the charges and leave it to the chamber to conduct an investigation against the president. Neither do I believe that the chamber or the senate enjoy much respectability in the country at this time. However, there is definitely no other mechanism and the former Liberal presidents agree with the proposal the Conservative Party has been recommending during the past days.

[Reporter] Dr. Arias, I still have some doubt with respect to an issue in your previous answer. If the president ends up unscathed from the political trial, it can be understood that he has won and that he should continue governing with the support of everyone in view of the fact that all doubts will have been cleared. Yet, you have just said that even unscathed and winning the political trial, the situation is not solved for the president. In other words, is the final objective for him to lose anyway?

[Arias] If he is acquitted during the trial at congress, evidently the president will have solved a situation from the legal point of view and even with respect to his permanence at the presidency. There is no doubt about that. What I am saying is that as of that supposition, what would take place and how would the country react is something very difficult to gauge since there is a tremendous polarization of forces currently taking place. Therefore, the issue is not just to win or lose in a trial...

[Reporter, interrupting] Then you are confirming that it is not simply a matter of a judicial trial, and that it is not matter of establishing the president's guilt but of throwing him out at any cost?

[Arias] You are well aware that trial at congress, not only here in Colombia, carries a tremendous political connotation. Nevertheless, every one of judges, regardless of how objective they try to be as they should be, also have their own political agenda. This is an issue that cannot be disregard. I repeat [words indistinct] in the U.S. Congress during the Nixon impeachment case, and it happens in the Colombian Congress, it took place during Gen. Rojas Pinilla's case. We are dealing with cases that should be purely judicial but that unfortunately also have a political component.

[Reporter] In other words, Dr. Arias, it will not be enough for the president to simply establish his innocence in order to continue in office?

[Arias] Please forgive me, but I believe that we started a discussion based on the supposition that the president is innocent. However, we could also have the opposite case and that the evidence the Office of the Prosecutor General provides after questioning three or four other witnesses...

[Arizmendi, interrupting] We are jumping to too many conjectures. We should...

[Arias] That is true but there are...

[Arizmendi, interrupting] ...Keep in mind that old saying: Heads I win, tails you lose.

[Arias] No, Dario. We should not reduce things to such simple terms. At this time I am unable to tell you what the mood at congress is like and if the president still has the majority support he had one month ago or if things have changed. What I would not like to do is to go into too many conjectures since we could easily make a mistake. At this time we cannot prejudge the mood at Congress, if it has changed or if it will change during the next few days, or if the evidence is going to influence many of the deputies to change their positions in favor or against the president. However, what we cannot do at this time is to prejudge the president or his enemies, and I believe things have to be taken with tremendous serenity and we have to abide by the institutional mechanisms. There is no other viable solution for Colombia.

[Reporter] Dr. Arias, then we will be looking forward to what takes place as of today during the opening of the Congress of the Republic. Thank you very much.

Colombia's Liberal Party Official Views Crisis

PA3001163796 Santa Fe de Bogota Emisoras Caracol Network in Spanish 1200 GMT 30 Jan 96

[Telephone interview with Atlantico Department's Dr. Emilio Lebolo Castellanos, member of the Liberal Party Board of Directors, by Dario Arizmendi and Fabio Callejas; from "Caracol's 0600 to 0900" newscast — live]

[FBIS Translated Text] [Arizmendi] Dr. Emilio Lebolo Castellanos, from Atlantico Department, a former president of the Chamber of Representatives, is a member of the Liberal National Directorate [DNL]. Dr. Lebolo Castellanos, good morning.

[Lebolo] Good morning.

[Arizmendi] How should one interpret the DNL communique?

[Lebolo] I believe it can be interpreted as a constitutional way out of an ongoing country crisis. This is clearly outlined in the Constitution. The Constitution was made for times of crisis as well as normal times. I do not think we should be surprised over this fact. The Constitution clearly shows that in these instances the interpellation [juicio politico] must be held by Congress. We must believe in the president of Republic's presumption of innocence until the opposite is proved. Most DNL members agreed with this. The president has already summoned Congress and it will be installed today. I believe we should await the results of this process. Congress will be the natural judge that will try the president. Let us wait and see what comes out of this congressional trial.

[Arizmendi] Yes, Dr. Lebolo Castellanos, but there are many people — important sectors of the country — who say that this may well be constitutional, but perhaps this will delay too much a solution to the country's current crisis. Perhaps four, five, six, or seven weeks could elapse; perhaps two or three months, and the country cannot stand this.

[Lebolo] I think it can. If it cannot resist it is because people believe that the solution is for the president to withdraw. But, it seems to me, that with a bit of common sense and without much hurry, we should not have to depart from constitutional guidelines. Of course, we are aware that there are many sectors involved in this process that has upset the country's tranquility a bit. But we understand that the ruling Liberal Party has to back its president and give him guarantees. The least thing that can happen to someone being accused is that he or she may stand trial. I believe that only a couple of weeks will be needed once Congress begins its interpellation and the Chamber of Representatives determines if there is sufficient merit for the Senate to judge the president. I believe that once this happens the country will be very calm.

[Callejas] Dr. Emilio Lebolo Castellanos, what argument have DNL members used to express reservation over a referendum, to which President Ernesto Samper Pizano himself favors?

[Lebolo] We have two reservations: First, we do not know exactly how it is to be presented; second, we consider this to be a dangerous mechanism to make legitimate... [pauses] which can not only be used by the national government, but departmental and municipal governments as well, to make legitimate certain government acts. Many times these could be like dictatorial acts presented to the people for them to decide whether these acts are convenient or not. Referendums can be dangerous and there are many reservations right now to the way it has been presented. This is the way we view this. Additionally, we believe that the country cannot stand another electoral debate, which could radicalize certain positions even further. A referendum could take five, six, or seven months, which would paralyze the entire country awaiting results. If the result is support to the president, then the president stays; if there is no support, the president leaves. This expectations would paralyze the country.

[Callejas] Dr. Lebolo, the country knows of two positions within the DNL: First, the one by Luis Guillermo Giraldo Hurtado and Elizabeth Rico, who want the president to resign; the second, is the DNL Declaration, which is another position. Was there a third option within the DNL?

[Lebolo] No, no. These were the two basic options that we considered in the DNL. As you well know, our meeting took eight hours to study alternatives that could show both inside and out that there is no such division within the DNL. Both sectors respected and followed the decision and we submit ourselves to the interpellation of the president of the Republic. We were clear on this.

[Callejas] Many thanks for your explanations.

Colombian Congressmen View Samper Speech

PA3101053196 Santa Fe de Bogota Inravision Television Canal A Network in Spanish 0300 GMT 31 Jan 96

[From the "QAP News" newscast; passages within quotation marks are recorded]

[FBIS Translated Text] Inside the Congress building, the controversy between pro-Samperists and anti-Samperists became increasingly intense. The controversy was not ignited by the president's statements, let alone by the ones made by Senator Maria Izquierdo. The division was between Liberals and Conservatives, between followers and opponents of the president, because the style of a presidential [words indistinct] at the beginning of the political debate.

The conclusion was the same, but this time an ovation was added to the applause, and once again there were those who maintained their reserve. [applause]

[Conservative Party representative Pablo Victoria] "The entire Liberal Party gave him a standing ovation, and there was no applause from the Conservative Party."

[Samuel Moreno, senator for the National Popular Alliance, Anapo] "Applause is spontaneous. When someone gives a good speech, people applaud."

The second cause of controversy was this invitation to a cocktail party at Narino Palace. The invitation was made at the beginning and at the end of the opening of the special sessions.

[Senator Jose Clopatofsky] "Judging from the way things are going, we are going to see that tomorrow the president will be completely absolved. Shameful for the country."

[Representative Guillermo Martinez Guerra] "This is a soap opera. You are invited for the next episode."

[Moreno] "Cocktail parties always take place. Invitations are always made."

That is why some went directly to Narino Palace. Others were disappointed, convinced that the dividing line was marked today between politics and the attitude of the president's new judges.

Despite the opposing opinions, the cocktail party at Narino Palace took place.

From one of the balconies of Narino Palace, "QAP News" captured this image of the president with his future judges.

The presidents of the Senate and Chamber of Representatives attended.

[Senate President Julio Cesar Guerra Tulena] "Who has said that having a few whiskeys in Narino Palace, which is our palace and yours, is going to compromise our independence?"

[Rodrigo Rivera, president of the Chamber of Representatives] "One thing is one thing, and another thing is another thing." [sentence as heard]

Even members of the Accusations Committee, such as Tarquino Pacheco and Roberto Moya, were present.

[Roberto Moya, member of the Accusations Committee] "Must judges hide in a hole so that they can try the president? Apparently they must do it."

[Liberal Party representative Martha Luna] "It is an invitation we cannot turn down."

[Liberal Party representative Julio Bahamon] "I am the president's friend. I am the friend of the president's government. I believe the president's word."

Congressmen later preferred to end their cocktail party behind closed doors.

The congressional debate was seen with different eyes by congressmen. This is what the television broadcast did not capture. Even though they were not the honored guests, they were the first to arrive. Seven of those involved in Case 8000, including the comptroller, were present. The most awaited person was Senator Maria Izquierdo, who was effusively received by her colleagues. After she arrived, she negotiated with the presidency the use of the microphone, while others read about the president and Fernando Botero's recent statements.

Amid the solemn ceremony, there were those who showed a lack of respect. Infiltrated among the crowd were these signs held by students. Likewise, a congressman preferred the president's speech to take place with his back turned.

[Arturo Yepes, Conservative Party representative] "Just looking at his face — like the medusa — may cause me to lose the spirit I still have to work for Colombia."

What can be expected from the debate that was initiated today? There are various expectations.

Congress is on everyone's mind. A total of 102 Senators and 163 representatives to the Chamber have, starting today and probably for less than one month, three big challenges.

The first is the political debate that began today. Some analysts believe nothing will happen. In fact, not much can be done constitutionally. The same congressmen will ask for Samper's resignation, the others will defend him as always. In the end, this will just become a longer debate than usual, which will not have any effect on his judicial trial.

The second is the judgment with judicial implications. Many government and congressional sectors believe the process should not continue in the Accusations Committee but directly in a full session in the Chamber of Representatives. The procedures preclude it. What the Prosecutor General's Office did with the recent evidence obtained is to accuse Samper before the Committee, and this will determine what to do. Congress is without a doubt his natural judge.

The third challenge is the referendum. It is the Congress that must decide, if requested by the president, to accept the referendum and how the question will be worded. It is a great responsibility on the shoulders of a Congress formed by a Liberal Party divided over the topic, a minority Conservative Party, and independent groups without enough political strength. It is a Congress in which part of its members will be facing investigations similar to the ones currently being faced by the president.

Colombians Demonstrate in Capital for, Against Samper

PA3101023996 Santa Fe de Bogota Inravision Television Canal A Network in Spanish 0000 GMT 31 Jan 96

[From the "Seven O'Clock Newscast"]

[FBIS Translated Text] With wooden spoons and pots in hand, more than 200 ladies, which included grandmothers, housewives, widows, and newlyweds, protested with this message today: [women shout: "The president must resign for you and our children!"] The requirement to participate in the march was to wear a black mourning dress.

[Begin unidentified woman recording] The entire country knows that morals have died and that the only one who [words indistinct] is in the government. [end recording]

Several husbands were voluntarily dragged by their wives to the march.

[Begin unidentified man recording] This is a women's march, but I am an honorary woman. [laughs] [end recording]

Amid protests, the police called for reinforcements to be sent to the area, which made the saying come true: Not even a petal of a rose can be used to strike a woman. Much less can you use a billy club [bolillo]. The police understood this and with tact and dialogue managed to contain the demonstrators which, although they did not have legal authorization, continued to march.

The demonstrators also commented on the Senate of the Republic as the president's judge:

[Begin unidentified woman recording] How are we going to accept the Congress when all of them come from the same rotten pot? The lid was taken off this pot, and I think it is wonderful that at least one or two of them have told the truth. [end recording]

The demonstrators' shouts woke up more than one worker who was having a siesta. A lady in black tried to convince other workers.

[Begin unidentified woman recording] The president's social program is a lie. Don't be deceived by it. [end recording]

The ladies will gather again next Friday, at least that is what this university student expects, because she managed to sell more than 300 sweaters calling for the resignation during the march.

While President Samper opened the special congressional sessions, more than 2,000 demonstrators backed him at Bolivar Plaza. [People shout: "Samper, Samper, Samper"] Holding Colombian flags and posters that were used when Ernesto Samper was a presidential candidate, the demonstrators gave their support to the president. Afterwards, the demonstrators marched down Seventh Avenue [carrera septima] and did not heed the riot police that tried to stop them from getting close to the Narino Palace. The president appeared to receive his followers, who were mostly union members and elderly people. [people shouting indistinct slogans]

Colombia's Antioquia Producers View Crisis

PA3001192296 Santa Fe de Bogota Inravision Television Canal A Network in Spanish 1730 GMT 30 Jan 96

[Report by Jorge Riano; from the "Colombia 12:30" newscast; passages within quotation marks are recorded]

[FBIS Translated Text] Even though the government's economic report is satisfactory, other sectors of the national economy, such as the strong Antioquia union, are pessimistic and have asked the president to step down for a while to solve the crisis.

Thirteen unions gathered in the Antioquia Inter-Union Committee [comite integremial de Antioquia] expressed their concern over the country's critical situation and they consider that this warrants an immediate and patriotic solution to avoid further deterioration.

[Antonio Pizano, director of Fenalco, National Federation of Businessmen, in Antioquia] "We want to tell the president that he request the Senate a leave of absence, let the Senate accept it, and summon the vice president to take over as president."

On the other hand, the production unions, even though they recognized the strength of the Colombian economy, said that extending the political crisis would bring about serious consequences to the country.

[Eduardo Lora, director of FEDESARROLLO, Foundation for Higher Education and Development] "We have burdened this year's economic growth, taking into account the crisis and assuming it to be short-lived, from 4.8 percent to 3.8 percent."

[Javier Fernandez, president of ANIF, National Association of Financial Institutions] "The dollar is what cannot hold up, but we should not identify the price of the dollar with the economy. The economy can hold up."

[Cesar Gonzalez, president Asobanc, Bankers Association] "Whatever the solution to the current political crisis, the country's basic economic problems will continue."

Colombian Political Crisis Aggravates Oil Prospects

PA3001222296 Santa Fe de Bogota Inravision Television Canal A Network in Spanish 1730 GMT 29 Jan 96

[From the "Colombia 12:30" newscast]

[FBIS Translated Text] The country's delicate political situation has aggravated the oil crisis. Multinational companies have advised that they will not carry out any further activities until President Ernesto Samper's situation is clarified. This means that prospecting for oil is paralyzed for the time being.

It is interesting to note that more money was spent on prospecting in 1995 than in the past five years. For instance, while $252 million were spent in 1993, $777 million were spent in 1995. Despite the increased spending, the number of drilled wells dropped from 65 in 1990 to 16 in 1995. This means that Colombia must rely solely on the Cusiana field reserves for local consumption and exports.

In addition, this station has learned, several multinational corporations a few days ago refused to sign new oil prospecting contracts with Ecopetrol [Colombian Petroleum Enterprise]. The oil companies think this is not the best time to sign any new contracts because of the political tension in the country.

Colombia: Caution Urged in Managing Economy

96SM0069A Santa Fe de Bogota EL TIEMPO in Spanish 29 Jan 96

[Editorial: "Ordeal by Fire"; received via Internet]

[FBIS Translated Text] A recent headline of this newspaper referred to the "ordeal by fire" confronting the Colombian economy as a result of the recent worsening of the political crisis. And the fact is that, under circumstances such as those being experienced by the country, it has become more necessary to manage the economy with the aim of preventing problems of a temporary nature from giving rise to a derailment that may be in store for the heretofore solid foundations on which its development is based.

The first impact from the two most prominent episodes in the crisis was felt on the foreign currency market and the stock exchange. Nevertheless, during this past week there was a very quick shift from the initial shock to a kind of paralysis on the markets, marked by a reduction in the volume of dollar and stock share transactions, and an increase in very short-term investments of business firms and individuals.

Hence, in a way, the economic agents decided to postpone their decisions on consumption and investment for a few days, while waiting for a final solution to the crisis. This is rational behavior, giving reason to believe that these people are concerned about the present, but confident about the future. Therefore, they have not taken the risky path of speculating against the peso, or setting out on an insane purchase of foreign currency. Also for this reason, they prefer to wait, rather than spend, leading to a situation of curtailed demand for goods and services.

This current situation is not easy to manage. It requires keeping the monetary policy in place, to avoid excessive liquidity that would facilitate attacks against the peso, even at the cost of a temporary rise in interest rates. Hence, the Central Bank's Board will have to be watchful, and resist all pressures, regardless of their origin. The finance minister also must be cautious, particularly so as to avoid committing himself to future increases in public spending that might have destabilizing effects and deteriorate the expectations of the agents. In the interests of his responsibility to the country, the minister will have to tread on the razor's edge during the next few days: on the one hand, there will be the temptation to spend, prompted by political considerations; and on the other, the need for "tightening," to curb monetary expansion and prevent the loss of international reserves.

Following the recommendations of orthodoxy and caution in managing the economy under conditions such as those at present is the only thing that will guarantee getting through the political crisis without "letting the economy be ruined." Any other route would be a mistake, because we are not, as some believe, facing a problem of conflicting priorities or choosing between two development models as President Samper himself has suggested. All of us Colombians want to see poverty overcome and an improvement in the population's health, housing, and educational conditions, particularly among the groups less favored by fortune. Hence, there is no room here for dwelling on differences between schools of economic thought, or between social classes. That is not the problem.

No, the experience of this century has shown that stability in the economy is the requisite for social progress, and that, if Colombia has distinguished itself for anything within the continent, it is for a successful handling of its economy, which gives priority to fiscal austerity, equilibrium in its balance of payments, and control of inflation. This is a characteristic that we should not lose.

Fortunately, the institutional framework for directing the economy, and the quality of those who bear this responsibility, allow us to be optimistic regarding the manner in which the new ordeal by fire to which the Colombian economy is being subjected will be surmounted.

However, over and above any analysis, even the most negative admit that the economy is doing well, and that the effects on it from the crisis have not caused the damage that was anticipated. This is because, luckily, our economy is solid and well managed, and that sustains a climate of optimism.

Ecuador

Ecuadoran Deputies Said To Receive Discretionary Funds

PY3001212596 Madrid EFE in Spanish
0114 GMT 30 Jan 96

[FBIS Translated Text] Quito, 29 Jan (EFE) — Prosecutor General Fernando Casares today said that four deputies linked to former Vice President Alberto Dahik received 106.41 million sucres ($36,695) from public funds. The vice president fled from the country charged with alleged embezzlement of funds.

Casares said that conservative deputies Freddy Bravo, Wilman Costa, and Leonardo Escobar and Marcelo Santos, former legislator and current Ecuadoran ambassador to the Vatican, received illegal contributions from state funds.

The Conservative Party of Ecuador, which was headed by Dahik, achieved governmental power on 10 August 1992 through an alliance with the Republican Unity Party, to which President Sixto Duran- Ballen belongs.

Casares said: "Freddy Bravo received a check for 500,000 sucres ($172), Wilman Costa received 36 checks for a total of 91.91 million sucres ($31,958), Leonardo Escobar a check for 10 million sucres ($3,448) and Santos a check for 4 million sucres ($1,379)."

The Supreme Court president gave those persons who received public funds eight days "to justify the reason for which they received that money. Should the money not have been used for domestic and external security, it must be returned by depositing the funds in the Central Bank."

According to legal measures, discretionary funds, including those administered by Dahik, can only be used for the state's domestic or external security.

Ecuadorans Accused of Using Discretionary Funds

PY3001222596 Madrid EFE in Spanish
1640 GMT 30 Jan 96

[By Susana Madera Vinueza]

[FBIS Translated Text] Quito, 30 Jan (EFE) — Chief Prosecutor Fernando Casares told EFE today that personalities of the world of politics, culture, and sports, as well as religious communities, have received money from the discretionary funds of the Ecuadoran Vice Presidency, investigated by the Supreme Court of Justice (CSJ).

Referring to the fate of the discretionary funds under former Vice President Alberto Dahik, Casares told EFE that "the expert's report is quite lengthy and I believe that some 200 people, or perhaps a few more, could be involved (as recipients of the discretionary funds).

Among the people who have received money from those funds, Casares mentioned Ecuadoran singers Jesus Fichamba and Silvana, boxer Segundo Mercado, and several religious congregations.

The discretionary funds "have been used for objectives other than those established when they were created," the chief prosecutor said, regarding the report of the experts who, at the behest of the CSJ, audited the current acounts of a private bank in which Dahik had authorized two of his secretaries to handle the money.

According to Freddy Bravo, deputy of the ruling Conservative Party of National Unity (PCUN), who had also received money from the discretionary funds, the list of those involved rises to some 1,500 individuals and institutions, among which he cited the Armed Forces and the Church.

Casares has attributed to "reports from other sources" the information provided today by Bravo, and explained that, when Bravo refers to the more than 200 addressees, he is mentioning only those who had received money from the two accounts the CSJ is investigating and not the beneficiaries of the account the Vice Presidency has in the Central Bank.

The secrecy of the content of the current accounts that are the object of judicial investigation was decreed in October by Ecuadoran President Sixto Duran-Ballen, who declared himself "sole custodian" of the documents.

CSJ President Carlos Solorzano yesterday adopted a measure which states that this presidential decree "has no judicial merit or effect," and for this reason he released the content of the investigated account, which involved between 18 and 19 billion sucres (some $6.5 million), Casares said.

The presidential decree has prompted confrontations concerning the roles of the executive and the judicial branches, and this situation, "a bit tense and unfriendly, could be aggravated" by Solorzano's latest measure, the chief prosecutor said.

Solorzano's measure provides for a period of eight days for those involved to justify the reasons why they had received the money, and if it is determined that the reasons had nothing to do with national security, they will have to assume responsibility and eventually return the funds to the Treasury.

Casares recalled that Duran-Ballen was not tried for the issuance of the decree, although it was considered "meddling in a court action," and added that the president "has the right, through his lawyers, to explain his viewpoints concerning the latest measure" adopted by the CSJ.

Presidential officials consulted by EFE have reported that Duran- Ballen is expected to address Solorzano's action today, given that, in his opinion, the decree which provides for the secrecy of the accounts that prevented the information from being included in the proceedings was still in effect.

Casares said that the current stage of the pre-trial proceedings will probably take another month. He expressed hope that this will conclude before the end of Duran-Ballen's presidential term on 10 August 1996.

Bravo, who, together with his fellow party members and deputies Leonardo Escobar, Wilman Costa, and former legislator Marcelo Santos, had received money from those funds, said that he will ask Solorzano to include him in the proceedings to reveal all names of those who had received the money.

He said that in his future statement he will explain why some checks were written to religious and police organizations, to stores, foundations, restaurants, a former deputy, sportsmen, and singers.

The political crisis that has been affecting Ecuador began in August 1995 when the CSJ filed suit against then Vice President Dahik — now at large — for the presumed unlawful use of the discretionary funds.

Ecuadoran Court Lifts 'Secret' Status of Bank Data

PY3001225696 Madrid EFE in Spanish
0050 GMT 30 Jan 96

[FBIS Translated Text] Quito, 29 Jan (EFE) — The Ecuadoran Supreme Court today annulled a decree issued by President Sixto Duran-Ballen making "secret" the document containing information on the bank accounts used by former Vice President Alberto Dahik for alleged embezzlement.

The argument used by Supreme Court President Carlos Solorzano to annul Duran-Ballen's decision is that "the presidential decree was a mere circumstantial interference in the trial resulting from unconstitutional interference by the president of the Republic."

On 2 October 1995, when the Ecuadoran Congress began the impeachment process against Dahik, who was charged with corruption, the president proclaimed himself "guardian" of the details of the bank account administered by the vice president and ordered that the documents be made "secret."

In view of their new status, the documents were deposited in the vault of the Central Bank, to which the president of the Supreme Court was denied access.

Solorzano said that the presidential decree "lacks any legal merit or effect" and "violates" the Constitution.

He made an appeal to the Ecuadoran judges and courts to "pass down their decisions and see that the ruling is carried out in compliance with the Constitution and the laws of the Republic," because Duran-Ballen's decree "lacks any legal merit and, therefore, cannot interfere in the administration of justice."

Solorzano added that reports by experts and auditors who checked to see if the copies of the bank account statements were altered in any way will be included in Dahik's case.

"The decision to include the experts' and auditors' reports by no means alters the state's internal or external security, nor does it disrupt public order; to the contrary, it contributes to clarifying the objective facts of the process."

Dahik fled to Costa Rica, where he has sought political asylum since 11 October 1995.

Ecuadoran Commander: Peace With Peru Only Alternative

PY2901212896 Madrid EFE in Spanish 1832 GMT 28 Jan 96

[FBIS Translated Text] Quito, 28 Jan (EFE) — Ecuadoran Army Commander General Paco Moncayo said today that "there is no other alternative but peace" with Peru, a country with which Ecuador maintains a border conflict due to the dispute over a portion of territory without landmarks in the common border area in the Amazon.

Moncayo stated that "no belligerent solution will allow for a lasting peace. The only thing that would be achieved would be to extend the conflict another 50 years if we, as do some in Peru, who advocate confrontations, maintain that we should grant a territorial compensation or impose the planting of landmarks."

In statements published by the Quito daily HOY, Moncayo asserted that if, in 1941 — when the war between Ecuador and Peru broke out — "we had reached a peace agreement rather than enduring an invasion and a war, the solution would probably have been acceptable for both parties."

The year after the 1941 war, Ecuador and Peru signed the so- called Rio de Janeiro Protocol, which, with the endorsement of Argentina, Brazil, Chile, and the United States, established the borderline between the two Andean nations in conflict.

Military and diplomatic sectors have ruled out the possibility of clashes between troops of the two nations, currently implementing the Itamaraty (headquarters of the Brazilian Foreign Ministry) peace agreement signed on 17 February, as the anniversary of the aforementioned border agreement signing is marked on 29 January.

Chilean Ambassador to Quito Roberto Pizarro has voiced his support for the definitive solution to the border conflict between Ecuador and Peru through diplomatic channels.

The diplomat said: "We (Chile) believe we have an unequivocal path; namely, dialogue, the ironing out of creases, the suspension of confrontation between the two countries. There are sufficiently advanced confidence mechanisms that will really prevent confrontations from taking place again."

As he referred to the meetings started by Ecuadoran Foreign Minister Galo Leoro and Peruvian Foreign Minister Francisco Tudela, Ecuadoran Vice Foreign Minister Marcelo Fernandez de Cordoba said they are a clear sign the peace process between the two nations is making good progress.

Upon recalling that Leoro and Tudela will meet in Quito 22-23 February, Fernandez Cordoba stated: "A process has started (in Lima) and will continue in Quito. Therefore, the talks will continue to develop until they reach the key issue."

The two foreign ministers will continue to assess the procedures on which they will base future territorial negotiations and will try to establish a mutual information exchange mechanism regarding the purchase of weapons.

Moreover, high-ranking U.S. foreign policy officials agreed in voicing their confidence that Ecuador and Peru will bring their historical territorial problem to a "happy ending," according to information published by HOY.

Alexander Watson, U.S. assistant secretary for inter-American affairs, reportedly said that if Ecuador and Peru reach a mutually satisfactory agreement, it will be a "success for peace in the hemisphere."

Ecuador's President Announces Energy Measures

PY3001152096 Quito Voz de Los Andes in Spanish 0200 GMT 30 Jan 96

[Address to the nation by President Sixto Duran-Ballen over national radio and television network, broadcast in progress — live or recorded]

[FBIS Translated Text] ...with you the concerns our country has been experiencing.

As a result of this plan, I have decided to establish an interministerial energy commission, which under my personal and constant supervision, has held a total of 10 sessions.

Fellow citizens:

As a result of this work, tonight I can bring you good news. This is good news for workers and industrialists; for fishermen and for shrimp catchers, for farmers and shop owners, for public transportation drivers and commuters.

This is good news for those who consecrate their efforts and sacrifice to daily work, for those who with their optimism promote productive tasks which generate resources, for those who with faith and confidence invest in our country. This is good news for all.

"The decisions and actions I have taken, and to which I will immediately refer, are aimed, first, at reducing the serious consequences of the energy crisis, and also at complementing the economic reactivation program being implemented by the national government. The decisions I have made are:

"First, the free importation of diesel oil. Second, as of 1 February, the price of diesel fuel is reduced from 3,322 sucres per gallon to 2,354 sucres, that is, a reduction of 968 sucres per gallon. Third, as of 26 January, the tax on diesel fuel was reduced from 135 to 50 percent, that is, a reduction of 85 percent. [Fourth], as of this date, the price of bunker [preceding word in English] is reduced from 1,315 sucres to 1,055 sucres per gallon, that is, a reduction of 260 sucres. Fifth, the subsidies on diesel fuel for the electrical sector are extended. Sixth, the timely and necessary supply of diesel fuel is guaranteed through Petroecuador [Ecuadoran State Petroleum Enterprise]. Seventh, the importation of used motor vehicles and parts is prohibited because they involve the use of a large amount of fuel and increase pollution. An exemption is made for vehicles to transport school children.

In addition, I have ordered to expedite and bolster emerging projects in the process of being implemented, which will result in the enforcement of modern control mechanisms that are currently negotiated with the private sector. This is done with the ultimate objective of granting the country as soon as possible the indispensable generating capacity needed to overcome the current energy crisis.

The first (?Cicov) thermo electrical plant of 40 megawatts will start operating by the end of this week in Santa Elena. The second power plant of 110 megawatts will be operating by the end of February in Santo Domingo. Emelec [Ecuadoran Electric Power Enterprise] will start operating its second unit of 32 megawatts by March in Guayaquil. The first Emelec plant of 40 megawatts is already in operation. All of them will join the others already in operation such as the (?Cedenar) of Colombia; and CFE [Federal Electricity Commission] of Mexico, which is installed in Machala. All of these power plants are interconnected to the national grid system.

In addition, we have prioritized plans for installing a thermo- electrical power plant in Pascuales, Punta Guayaquil, with a generating capacity of 100 megawatts; and expanded and duplicated the capacity of the (?Trinitaria) thermo-electrical power plant also in Guayaquil, the first phase of which is already under construction. This power plant will generate a total of 125 megawatts. Moreover, we have also prioritized the construction of the Daule-Peripa hydroelectric project, which will generate 213 megawatts. In addition, we are negotiating the second phase of the [words indistinct], which will generate 125 megawatts.

These important plans can be implemented because after many years, Ecuador is again the recipient of international credits; and as a result of the enforcement of a serious and responsible economic program. Moreover, a proper and necessary renegotiation of the foreign debt allows us today to have access to the necessary resources to accomplish these development programs.

In addition, Inesel [Ecuadoran Institute of Electrification] will continue to exert control on cases of energy leakage and theft; resort to innovation technology to save energy and optimize the use of fuels used to generate energy.

Furthermore, the Ecuadoran Government is closely following the study of the energy law in Congress. In view of the impending threats that prevented legislators from freely adopting decisions on energy issues, I have ordered to offer them the indispensable guarantees to allow them to continue discussing the issue with absolute freedom.

The new energy law is a national imperative that will promote the participation of private initiative. In addition, we will enforce the full force of the law not as a means to harass energy union leaders but as a tool to safeguard the proper operation of the national energy system, avoid chaos and [words indistinct] (?cease) mobilizations.

Fellow citizens:

The action plan I have just disclosed will be successful if all of us interpret it as a true national campaign in which everyone, absolutely everyone, feels directly involved and responsible.

The government has given clear signs that the main target of its works is to benefit neglected social groups which need the most of our efforts.

The government is also backing those who believe in our country and its future. Work, production, the generation of jobs, investment, deserve our support.

Ecuadorans:

The responsible and creative manner in which we have resolved different stoppages and conflicts shows the effectiveness of our economic reactivation program. Moreover, the decrease of diesel and bunker [previous word in English] prices and the energy program is further definitive evidence that our effort to achieve a better future for all Ecuadorans, for our children, and for our families, will not cease until August 1996.

Fellow citizens:

Tonight, we reassert our optimism and our hope in the country we are building together.

Good evening, fellow citizens.

Ecuador: Current Dialogue With Peru Analyzed

96SM0055A Guayaquil EXPRESO in Spanish 19 Jan 96 p 4

[Commentary by Julio Prado Vallejo: "The Dialogue With Peru" — received via Internet]

[FBIS Translated Text] The beginning of a dialogue between Ecuador and Peru to move toward a solution of the territorial problem should be pleasing to all Ecuadorans. And even more pleasing to see that the campaign orchestrated from Peru against our country prevented the dialogue from taking place, as was established in the sixth point of the declaration of Itamaraty [Brazilian Foreign Ministry] of February 1995. [as published]

If we review the history of Ecuadoran-Peruvian border relations over the past 50 years, we will see that for the first time since the signing of the Rio Protocol in 1942, a process of direct understanding between the two countries is going to take place, with the participation of the four guarantors. During the demarcation of the border, the disagreements that arose in the southwest and the northeast were not settled by bilateral negotiations but, in the first case, through the Aranha formula, and in the second case, by means of arbitration by Bras Dias de Aguiar. We can state with certainty that, throughout the demarcation process, the two sides did not have the opportunity to discuss border or demarcation matters directly. Everything was done through the intermediation of the Foreign Ministry of Brazil, which de facto conducted the coordination with the other guarantor countries and generally acted in their name.

Therefore, this is the first time that the foreign ministers of the two countries have sat down at the bargaining table for a face-to-face examination of the border problem. Of course, they were not alone because at the negotiations which began in Lima on 17 January, representatives of the four guarantor countries were present and followed the dialogue closely. This detail is important, because the guarantors are also going to act as mediators for the purpose of assisting the progress of the dialogue and to prevent it from slowing down for whatever unfortunate reason.

For all these reasons, we view with satisfaction the fulfillment of the sixth point of the declaration of Itamaraty, which requires the two countries to examine the so-called "remaining obstacles," and that are nothing more than the problems, called by a different name, that have conditioned Ecuador-Peru relations over the past 50 years and gave rise to two undeclared wars. Representing Ecuador was Foreign Minister Galo Leoro, who is a career diplomat, well prepared, intelligent, and who has given clear evidence of great common sense and responsibility regarding the grave problems he has had to face almost from the moment he took charge of the Ministry of Foreign Affairs. His interlocutor, Foreign Minister Tudela of Peru, seems to me to be a responsible person with whom one can speak calmly and frankly, because I have not yet seen in him the contortions and treachery shown so often by Peru's ex-Foreign Minister, Ambassador Ponce, throughout his performance in Ecuador, especially during the war of the upper Cenepa.

The two foreign ministers will probably focus primarily on matters of procedure, which will facilitate progress in fulfilling the declaration of Itamaraty. For example, they will have to discuss the extent, the number and the substance of the obstacles mentioned in the declaration without defining or enumerating them. There are three obstacles for Peru: El Condor, Cuzumaza Yaupi, and Lagartococha. For Ecuador there are at least six: the three already mentioned for Peru, with a greater geographic range as it relates to the infeasibility that affects Zamora-Santiago, and also the problem of the Zarumilla channel, involving the Talwegs and free navigation in the Amazon. Perhaps one or two additional problems could be identified, but they are not as important as the others.

During the first phase of the dialogue, it will be difficult for the two countries to come to an agreement on the legal significance and the geographic scope of these problems, but it would be important that they at least try to identify them in order to find the appropriate procedure for their resolution. Another point that should probably be studied will undoubtedly be the organization of the negotiating committees that meet relatively often and advise the foreign ministers and the chiefs of state, because a dialogue cannot prosper with infrequent meetings, as has been the case so far. Arms policy will also be discussed, to prevent the recurrence of the campaign orchestrated from Peru against Ecuador over the acquisition of the four Kfirs.

Ecuador: General Ortega Confirms Kfirs Cost $13 Million

96SM0055B Guayaquil EL EXPRESO in Spanish 15 Jan 96 p 1

[Received via Internet]

[FBIS Translated Text] Guatemala City, 15 Jan — The Chief of the Armed Forces Joint Staff, General Jorge Ortega, said here that the contract for the purchase of four Kfir fighter bombers is for $13.010 million, which contradicts international reports that described Ecuadoran military negotiations for $40 million.

"At no time did Ecuador threaten to break off negotiations with Israel and try to buy French Mirages," said Ortega.

Ortega indicated that the Kfirs would be in Ecuador in the next few days and that the contract is being fulfilled in the normal way.

Paraguay

Brazil Seeks Paraguay's Cooperation Against Crime

PY3101000696 Asuncion ULTIMA HORA in Spanish 30 Jan 96 p 14

[FBIS Translated Text] The Brazilian Government has asked Paraguayan authorities for more judicial cooperation to jointly fight crime in border zones. Essentially, Brazil wants to recover a portion of the stolen vehicles that circulate freely in Paraguay, and for this he needs the cooperation of the National Police and the Supreme Court.

This is what Brazilian Justice Minister Nelson Azevedo Jobim said. This morning Jobim met with his Paraguayan counterpart Juan Manuel Morales at the Justice and Labor Ministry.

Jobim also discussed all these topics with President Juan Carlos Wasmosy this morning. The Brazilian minister then had his third working meeting at the Foreign Ministry.

Yesterday Jobim met with Supreme Court President Oscar Paciello and Interior Minister Diogenes Martinez. The discussion centered on the extradition treaty, the exchange of inmates to serve their sentences in their own country, juridical cooperation with the Supreme Court, an exchange of technical cooperation for judicial reforms, and quicker judicial proceedings.

The Brazilian secretary of state, who will end his visit to our country today, said that he also discussed the signing of a number of agreements and bilateral treaties on cooperation in border areas, the situation of immigrants, and the registration of Brazilians and Paraguayans living in the other country.

Peru

Membership of Peru's Privatization Commission Reorganized

PY3001140596 Lima LA REPUBLICA in Spanish 18 Jan 96 p 11

[FBIS Translated Excerpt] On 17 January, the government reorganized the management of the Commission for Promotion of Private Investment (COPRI). As a result Dante Cordova Blanco, president of the Council of Ministers, will now head this organ in charge of the Peruvian privatization process. Another four members linked to the production field will also head this commission.

The purpose of the reform is to grant the privatization process "a sense of urgency" which, according to official documents, Fujimori's government wishes to grant the process in order to fully eliminate the state's participation "in all sectors that supply goods and services" in Peru.

The change was announced on 16 January by President Alberto Fujimori who said that the good thing about it is that Dante Cordova will directly convey the different proposals and alternatives for the privatization of public enterprises to the Council of Ministers, which is where the final decisions are made.

President Fujimori intimated his disagreement over the delay in the privatization of certain public enterprises, namely Petroperu [State Petroleum Agency]. [passage omitted]

COPRI, which is in charge of planning and implementing the private investment promotion program in the public field, will be headed by the following ministers:

In addition to the president of the Council of Ministers are the economy and finance minister, energy and mines minister, transportation, communications, housing and construction, and fisheries minister. [passage omitted]

Mexican Official: Petroperu Privatization Irreversible

PY3001175496 Lima America Television Network in Spanish 0100 GMT 27 Jan 96

[FBIS Translated Text] Energy Minister Amado Yatako today said that the privatization of Petroperu [State Petroleum Agency] is irreversible. He also said that the opposition campaign currently conducted in Grau region will have no effect on the privatization process.

[Begin recording] [Yatako] The Petroperu privatization process will continue. We, of course, do not expect unanimous support but the privatization process will continue. Petrolube [expansion unknown] is expected to be privatized in March. The La Pampilla refinery and Lot 8 in the northern jungle region will be privatized in May. In July, we are planning to privatize the Talara refinery and Lot 10. These will be followed by the privatizations of peripheral units, the terminals, and the oil pipeline. The entire process is expected to close by February 1997.

[Series of reporters' questions indistinct]

[First unidentified reporter] Is the process irreversible despite the announcements of the staging of strikes in Grau Region, Piura, and Tumbes?

[Yatakao] This is an irreversible process; therefore, the process will continue.

[Second unidentified reporter] Are there any plans to amend the privatization process?

[Yatako] It is not up to the Energy Ministry to decide what measures will be adopted to avoid a clash [with unions]. We are devoted to energy and mining.

[Third unidentified reporter] What is the situation of workers because the deadline for submitting resignations with cash incentives expires today?

[Yatako] Petroperu has implemented a job training process so that those personnel dismissed in view of the implementation of the streamlining process will be duly trained to be eligible for new jobs. I believe they will find new jobs because this quite an effective program.

[Reporter] Are there any estimates on how much the government plans to collect through the Petroperu privatization process?

[Yatako] No, it would be mere speculation and quite unethical on my part to give any figures. [end recording]

Venezuela

Venezuelan Foreign Minister on Colombian Situation

PA2901175496 Caracas EL UNIVERSAL in Spanish 26 Jan 96 p 1-10

[Report on interview with Foreign Minister Miguel Angel Burelli Rivas by unidentified reporter in Caracas; date not given: "Constitutional Thread Will Not Be Broken"]

[FBIS Translated Text] Foreign Minister Miguel Angel Burelli Rivas stated that "Venezuela is confident that Colombia will favorably resolve the problems it is undergoing" and expressed his belief in that the constitutional thread will not be severed in the neighbor country.

"We view the Colombian process with utmost respect and with hopeful expectation," the foreign minister replied when asked about the serious political crisis the government of President Ernesto Samper is currently confronting.

[EL UNIVERSAL] What is your opinion with respect to the resignation of the Colombian ambassador?

[Burelli] I must refrain from commenting on that issue even if it took place here in Venezuelan territory. We have no official comments.

Burelli Rivas said this after taking part in the unveiling of the book entitled: The State of the Refugees Throughout the World, published by the UN High Commissioner for Refugees (UNHCR), an event that took place at the Yellow House [Foreign Ministry headquarters].

[EL UNIVERSAL] Could the situation Colombia is currently confronting in any way affect the Cucuta Summit?

[Burelli] The summit is subject to another meeting between both countries' foreign ministers, as well as the existence of an appropriate climate of preparation and serenity to discuss the major issues in effect between both nations.

[EL UNIVERSAL] Could Colombia's internal situation be reflected along the border?

[Burelli] Of course it could, everything that takes place in Colombia and the other way around. However, we are being cautious in addition to mentally and administratively prepared for anything that may take place as result of that process.

[EL UNIVERSAL] Supposing that the constitutional thread in Colombia were to be severed, what position will Venezuela adopt?

[Burelli] Let us not put ourselves in a hypothetical case since I believe that the constitutional threat will not be broken, and I anticipate that it will not be broken.

[EL UNIVERSAL] Should Samper resign?

[Burelli] It is not for me to express an opinion on that. I have no opinion on that. Venezuela hopes Colombia can successfully solve its problems, which are many and varied and have been going on for quite a while. Venezuela extends its affection and consideration to Colombia.

[EL UNIVERSAL] Has tension abated between Colombia and Venezuela?

[Burelli] At this time it has.

Meeting at Fort Tiura

The foreign minister reported on the meeting held during the morning with the Defense Ministry and other members of the military high command, pointing out that the meeting had been organized to take place some time ago and was restricted to discussing the situation with Colombia and relations with Brazil, Guyana, as well as Trinidad and Tobago.

"I was able to listen to some important comments by the defense minister and I am sure that for the first time we will be able to accurately deal with the problems along the border in such a way that the handling we will be giving it from here on will be one," the foreign minister stated.

One of the issues discussed was related to the coordination of the security forces operating along the border.

Venezuelan Invitation to Castro Incites Controversy

PA3001030096 Caracas EL UNIVERSAL in Spanish 26 Jan 96 p 1-10

[FBIS Translated Text] Caracas — The invitation by Sucre State to President Fidel Castro to visit that state has triggered controversy in diplomatic circles.

It seems that Sucre Governor Ramon Martinez has gone ahead with arrangements for the controversial president's visit, the tentative date of which could be 24 May, the 174th anniversary of the Battle of Pichincha. This celebration, according to plans, will be the closing of activities for the Bicentennial of Ayacucho Marshal Antonio Jose De Sucre. The Cumana Summit opened the celebration in February 1995.

Martinez' actions have annoyed the chancery, because they disrupt the diplomatic rapprochement the Governments of Cuba and Venezuela have been promoting. The most important point in that rapprochement was the visit by Foreign Minister Roberto Robaina in December. In response, Venezuelan Foreign Minister Miguel Anguel Gurria has scheduled a visit to Havana during the first quarter of 1996.

Martinez spoke with Foreign Ministry officials yesterday and had lunch with Deputy Foreign Minister Milos Alcalay.

The invitation by a regional government to a foreign dignitary has generated apprehension at the Foreign Ministry, which is the only Venezuelan organization in charge of foreign relations.

Sources from the Yellow House have said the recent visit of Peruvian President Alberto Fujimori has encouraged other state governors to undertake a similar foreign policy.

WTO Issues Report on Venezuela's Trade Policy

PA3001133896 Caracas EL NACIONAL in Spanish 26 Jan 96 p E1

[Report by Adriana Cortes]

[FBIS Translated Text] Venezuela began 1996 playing the main role in the activities formulated by the WTO, which yesterday, after issuing its decision on reformulated gas, delivered its final report on Venezuela's trade policy. Although the report stresses the need to observe these policies in times of crisis, it rejects the existing exchange restrictions, as well as common practices in the agricultural sector of the country.

The 187-page report, entitled "A Revision of Venezuela's Trade Policy" is the last one of a series of preliminary documents issued by the WTO experts, who were also assessed by the Foreign Trade Institute (ICE). A high-level delegation will study the report at the WTO headquarters in Geneva. Development Minister and ICE President [Werner Corrales] will head the delegation, which is scheduled to meet on 12 and 13 February.

The WTO document on Venezuela rejects the existing exchange control policy. The document argues that although this mechanism does not defy any of the organization's dispositions of free trade, it creates serious distortions in the exchange of goods and services, which are carried out between Venezuela and the rest of the countries.

The document defines the exchange restrictions, which have been in force for more than 18 months in Venezuela, as "inconvenient."

The experts found the second objection was the agricultural policy of the country. First, the use of sanitary measures as protection mechanisms in the country's agriculture. In other words, on some occasions it hinders or restrains the entrance of certain foreign products, alleging noncompliance with sanitary requirements. This aspect was also pointed out in the "Report on Trade Barriers," issued by the United States in 1994.

The tier system, which was implemented by Venezuela, together with its Andean Pact trade partners, was also criticized. The WTO believes this practice could defy at some point Venezuelan tariff agreements.

Approved Exam

But Venezuela's overall trade policies were considered "globally positive" because the report recognizes that despite the economic crisis the country is experiencing, the policies are aimed toward opening. Venezuela assumed its trade commitments in 1989 and is one of the few stands — if not the only one —that the country has maintained following its initial attempt at economic adjustments.

The report does not mean there will be further WTO comments or any type of trade penalty, because this is only a periodic evaluation by the WTO of how countries evolve on this topic. This time around it was Venezuela's turn and WTO technicians visited the country on several occasions that date back to more than a year ago, to prepare this report.

The other document's objective is to offer potential investors or possible commercial partners an overall picture of the country's performance in this area.

The Venezuelan mission will meet with the WTO board of directors in February to study and discuss the various points included in the evaluation.

Venezuelan Congress To Begin Session To Approve Tax Laws

PA2701145596 Caracas REPORTE DIARIO DE LA ECONOMIA in Spanish 22 Jan 96 p 2

[FBIS Translated Text] Congress tomorrow will begin a period of special sessions, summoned by President Rafael Caldera, to approve a series of tax laws that are essential in receiving the IMF's support for the economic adjustment plan the government hopes to carry out.

Even though a basic political agreement was reached on the main projects, including an increase of the IVM [wholesale tax], the creation of a financial transactions tax, a Tax Remission Law, and a new reform to the Income Tax Law, the situation is not quite clear to the IMF, because, a high-ranking parliamentary source has said, the multilateral organization has stated that no disbursements will be made until a plan is presented for a cut in public expenses and the gasoline subsidy is eliminated.

Parliament believes the Tax Code reform and the taxes issue are the most important topics; nevertheless, the source has said that in the code's case, adjustments will be made to the bill submitted by the government, because there is a legal ruling that states it has unconstitutional aspects.

The Democratic Action [AD] faction believes the fines established by the Organization Code could be considered too harsh.

A white party [AD] source has said the Finance Committee and the Economy Committee are waiting for the reforms the executive branch has concerning the most important projects, because, to be honest, the laws being discussed at Congress do not commiserate with the executive branch's needs or the IMF's alleged position.

Serious doubts prevail at Congress regarding possible fiscal revenues this year. The MAS [Movement Toward Socialism] faction has revealed that more than 600 billion bolivares are sought in the negotiations with the IMF for a fiscal reduction.

The IMF has told the Venezuelan Government it was more appropriate to increase gasoline prices and to develop progressively a compensation policy for the public transportation sector, because the ITF [financial transactions tax] would have dire consequences for the financial system, to the extent that mediation quotients would drop considerably given the impact of the tax.

Parliamentary committees share the belief that the tax package is too regressive, so it is quite probable that a new excessive profits tax [IGE] will be discussed during this special period of sessions. MAS submitted the proposal to establish special contribution systems for public and private enterprises with a strong financial situation.

This IGE seems to be a new variation of the so-called patrimony tax which Finance Minister Luis Raul Matos Azocar proposed last year as a feeler and which all the sectors of the economy openly rejected.

The new fiscal laws are expected to yield 1.7 trillion bolivares in revenues.

According to information on the latest government and Central Bank of Venezuela meeting with the congressional Finance Committee, the parliamentary representatives have urgently demanded the presentation of a plan to curb inflation, because the executive branch generates grave inflationary prospects.

It is believed that inflation by December will reach at least 70 percent as a result of the new social benefits agreement, which includes the principle of a salary scale and price adjustments now that foreign currency controls have been lifted. This would imply a political defeat for President Caldera's Government, because the price index would return to 1994 values, which was, frankly, a bad year from the economic viewpoint.

According to information from the Finance Ministry, the IMF also has demanded precise information on the strategy to curb inflation during this period, based on the government's assumption that annual inflation could drop to a one-digit figure within the next three years.

Congress believes the agreement with the IMF will not be reached in the near future, because basic problems, aside from the gasoline price increase, have not been solved.

According to information gathered by REPORTE DIARIO DE LA ECONOMIA at Cordiplan [Office of Coordination and Planning] and Congress, the agreement with the IMF is being delayed, because the government has given no guarantees, nor has it established clear goals for compliance with the Venezuela Agenda.

Even though the executive branch believes the Venezuela Agenda is an economic program, Congress believes that certain basic elements have yet to be defined, for example, the foreign exchange and monetary policy and support to production.

IMF To Support Venezuelan Congress During Tax Discussion

PA2701170496 Caracas Venezolana de Television Network in Spanish 0200 GMT 23 Jan 96

[Report by Pedro Prado]

[FBIS Translated Text] An IMF mission will provide support to Congress during the discussion and passage of the tax laws that will be debated during the special sessions. Finance Minister Luis Raul Matos Azocar has said this is possible thanks to the existing political consensus in Congress to overcome the crisis:

[Begin Matos recording] The IMF will simply provide assistance, will cooperate with the Seniat [Integrated National Service for Tax Administration], which is in charge of these operational duties and the congressional commissions. The IMF people will give us their opinions. In addition, [word indistinct] is very knowledgeable of the Venezuelan tax system. [end recording]

Luis Raul Matos Azocar has said the IMF mission so far has not objected to the government's taxation proposals. The mission believes that the sales tax has been well adopted and that fiscal revenues will increase, because evasion will be reduced. The finance minister has recognized there are a few loose ends in the negotiations with the IMF regarding the exchange rate, but Venezuela has already made a proposal:

[Begin Matos recording] The IMF mission already has a proposal that we in the country have studied well. We believe it is the one that best reflects the Venezuelan characteristics. I would say the one that resembles our characteristics the most is the Colombian model with few adjustments. [end recording]

Luis Raul Matos Azocar has described as a soap opera statements that there is a deadlock between Venezuelan Petroleum Inc. and his office. For him, it is sufficient to say the oil industry in 1996 will be contributing 1.7 trillion [currency not specified] in taxes. As for inflation, he has said it will not exceed 12 percent in January 1996.

Venezuelan Congress President Opens Special Sessions

PA2701213996 Caracas Radio and Television Networks in Spanish 1706 GMT 23 Jan 96

[Address by Congress President Eduardo Gomez Tamayo opening special sessions of the legislative chambers at Miraflores presidential palace on 23 January — recorded]

[FBIS Translated Text] President Rafael Caldera, president of the Chamber of Deputies, vice presidents of the Senate and the Chamber of Deputies, ministers, members of the military high command, representatives of the media, ladies and gentlemen:

Once again, Congress, which I am honored to preside over, prepares to hold a new period of special sessions. Today, 23 January 1996, a historic date for Venezuelan democracy, the Senate and the Chamber of Deputies are opening special sessions to debate the important matters demanded by the national situation, in particular regarding the country's economic and fiscal reality.

In this period of sessions, the Congress will debate various bills, including a Tax Code amendment; partial amendment of the Sumptuary Consumption Tax and Wholesale Law; tax revision; tax on financial transactions of corporations; partial amendment of the Customs Organic Law; casinos, bingo houses, and slot machines; a special proposal, authorized by the Executive, to conduct public credit operations to contribute to the patrimony of the Deposit Guarantee and Banking Protection Fund [Fogade]; a proposal for an organic law that creates a Public Debt Recovery Fund; the budget for the 1996 fiscal year; an executive bill for negotiating and executing public credit operations during the 1996 fiscal year; social benefits and protection and salary adjustments.

Regarding the last item, I must recognize the contribution of the involved sectors' preliminary talks. The Congress' work will be aimed at considering, in due time, any agreements reached in tripartite meetings, drawing its own conclusions, and seeking the people's approval for a more humane and respectable social security system.

Mr. President: As it has been pointed out, the legislature, invested with the authority of the Constitution for the nation's interest, last year formally called for a great dialogue among the various sectors of public life to lay the groundwork for economic and social stability through understanding. I am fully convinced that today's institutional ceremony will be another starting point for such a sought-after understanding. At the same time, this fact, revealed in this ceremony, will lend greater certainty to civil society in the sense that the renewed impetus of our productive activity will be the fruit of dialogue and the Venezuelan people's shared effort.

We must all agree on this to build a prosperous and harmonious nation. Through joint efforts, we will achieve progress and the common well-being. Mr. President, I am confident that the zealous wish of all Venezuelans to build a better country for present and future generations will prevail during this time of national importance and will allow us to understand that changes imposed by the current times are needed. The national Congress, whose factions have worked with honesty and responsibility, reasserts its pledge with the country and will support the actions that on the political, economic, and social front will lead us to just and equitable development for the Venezuelan people. Mr. President, I fulfill my duty by notifying you that the legislative chambers today began their special sessions. [applause]

Venezuela's Caldera Installs Special Congress Sessions

PA3101050196 Caracas Radio and Television Networks in Spanish 1713 GMT 23 Jan 96

[Speech by President Rafael Caldera during the ceremony to install the special sessions at the National Congress; in Caracas — live]

[FBIS Translated Text] Mr. National Congress President, Mr. Vice President, Messrs. Presidents of the Senate and Chamber of Deputies: I sincerely appreciate the invitation to the installation of the legislative chambers' special sessions, which were decreed by executive order during the Council of Ministers meeting today, 23 January 1996. This date marks 35 years of the standing Constitution. It is the longest standing Constitution in our history, and nobody has ever denied the blessed values that inspired it, its hold on modern times and history, which has combined ideal aspirations and real demands. The Constitution, which has stood for 35 years, has guaranteed people's liberty. Some people apparently fail to recognize the immense value of liberty, yet they use it and abuse it without realizing, recalling, or even recognizing the many sufferings the Venezuelan people endured throughout history under the oppression of mighty and harsh tyrannies.

The time is appropriate, of course, to recall that we are proposing an overhaul of the Constitution. The idea is not to destroy its values or break up the institutions that were created following a long and constructive process. The idea is to complement it, on the one hand, with stronger participation by the people in making important decisions of national interest and, on the other, with urgent and important aspects such as recovering society's trust in the administration of justice, which is basic to the functioning of the government.

I am convinced that the sessions about to begin will be guided by a constructive dialogue so a basic consensus will be reached. I can now say that one of the highlights of our reactivation, the opening of joint ventures to domestic and foreign private capital investment to exploit our natural resources, came about because of consensus and constructive talks. The talks guaranteed the security, utility, and positiveness of the changes taking place in Venezuela. We will show that the development of our natural resources is not incompatible with the firm and zealous preservation of our national sovereignty.

We held talks before ordering special sessions. We consulted with the legislative chambers, and the factions agreed with the order. Talks are vital now in order to face the situations the country has not yet overcome. Most importantly, in order to defeat inflation once and for all and to organize our finances at the same time, we must manage the fiscal deficit with the goal of eliminating it by the end of this administration. A significant reduction in the fiscal deficit during 1996 and 1997 will allow us to have hopes in that respect. To reduce the fiscal deficit, we will have to try to raise the tax burden, which is, fortunately, still much lower in our country than in other brother countries experiencing similar conditions.

We are doing our best to make sure that this tax burden will fall on those who are in a better position to withstand it. The increase in the percentage applied to spending on luxury goods [consumo suntuario] and to wholesale transactions is reasonable. The introduction of a tax on financial transactions is a temporary requirement. This is how this tax is being viewed and how it will be implemented.

The law regulating casinos and other gambling activities provides the country with an opportunity to steer this activity, which is so ingrained in collective psychology, so that it can provide needed resources for the country's reconstruction, instead of being squandered. Some sectors have insisted on the need for an increase in the price of gasoline. If I have not yet decided on the issue, it is not due to stubbornness or obstinacy, but because I believe that under the current circumstances it would be a burden that would not be good for me to impose again on lower income people or on the middle class. We are developing a program intended for the lower income segment of society that entails using natural gas as a fuel. This program is progressing rapidly and falls under the responsibility of PDVSA [Venezuelan Petroleum, Inc.] and its affiliates, all of which are quite knowledgeable on this issue.

With respect to the middle class, we believe that under the current circumstances, when we are experiencing a dramatic decline in real wages, we should attempt to ensure some type of real wage balance. This is our main concern. This will come in handy when the time comes to implement any new price increase — of which we know there is an attempt to impose one on us — but which we, sensible enough and knowing our country and our people, are against.

Developed countries use private vehicles on weekends for excursions, for holidays, and for other activities. In our country, the lack of an efficient, adequate public transportation system forces middle class individuals such as employees, workers, and professionals to have their own vehicle to go work, to take their children to school, to go to the supermarket, and to carry out everyday activities. We have to take this point into consideration, and this is exactly what we have done. For this reason we are proposing before the international organization a program to provide the Venezuelan transportation system with all required capabilities and infrastructure. We are now seriously analyzing this issue, assessing the situation, so that the measure, whenever it needs to be adopted once progress has been made, will be less burdensome on the real income of the working class, and especially on Venezuela's middle class.

One of the issues that will fall under congressional jurisdiction during these special sessions will be the implementation of the new 1996 budget. As everyone knows, the restructuring of the budget was decreed. This was timely because the basic conditions and the financial projections of the budget itself varied substantially over the past months. Now, in light of this new situation, I hope this determination to talk will result in agreement, so that firm and major steps can be taken in the restructuring of the Venezuelan budget. The budget is among those documents that require a very thorough modification; however, it is also very closely linked to many sensitive aspects of the national situation.

Within the framework of the special sessions, there is a law in which we have a special interest: the law that establishes the fund to rescue the debt. This law stemmed from a congressional initiative. We believe its approval would be a sign that we are truly concerned for the future and that we are preparing to effectively tackle the ominous and [word indistinct] burden the debt represents to our people in a way that substantially reduces the overwhelming burden on the Venezuelan economy, without causing any harm to the situation in general.

We are willing to take a bill to the legislative chambers regarding social benefits. On this matter, I would simply like to tell workers that we have never sought a consensus by disregarding worker's rights and that the new system is not obligatory. The worker will have the option of whether or not to avail himself of the new system. If I view the new system with sympathy, basically it is because its main objective is a recovery of real wages — real wages concerns us as one the country's urgent needs. We know the meaning of the rising cost of living, and we believe that a real solution is for the real wages and real income of Venezuelans to increase.

However, this cannot be achieved through formal dispositions, with nominal adjustments that experience has often shown to be counterproductive, because they become a pretext for undue increases in the cost of basic commodities. This is why we are conducting a study and carrying out conversations, so that this wage increase, which we are determined to achieve because the country needs it, will be, as I said, a real wage increase, not merely a nominal measure that would initially raise people's hopes, but would later be a letdown for the measure's beneficiaries. In this regard, I must add that the constructive dialogue we are holding with the peoples' representatives in Congress is one which we have also sustained with the private sector and civilian society. That is why we hope to reach a formula on a proposal regarding social benefits that we can submit to Congress during the first days of the special session. According to the labor laws, we must present a proposal for which there is fundamental agreement.

We know that unanimous agreement is impossible. However, to have a fundamental agreement implemented is of great satisfaction to us. We are convinced that a majority of the political groups represented in congress share the fundamental idea that we must take necessary measures to save the current situation. At the same time, we can say that we have reason to believe that the country is on its way to recovery. There are very positive economic indicators, possibilities for economic growth have increased, and we have left negative indicators behind. Indicators are now positive regarding product growth issues. International reserves have reached a high of $9.9 billion. We could say, using a word which we suggested to the Academia Real and it accepted, it is almost $10 billion. This has been achieved in the process to recover international reserves, which gives us greater maneuverability, greater possibilities for dialogue, and the possibility of better presenting ourselves in talks with international organizations.

There are a number of programs which are beginning to yield benefits. The education minister informed me yesterday that student registration for the 1994-1995 period increased for the first time compared to negative results the previous year. He announced the negative figures for the 1993-1994 period with great concern. Now we have the satisfaction of reporting that the trend has been reversed, and in secondary school education registration has increased 6 or 7 percent, which is a high figure, and comparatively greater than that experienced in previous years.

We can mention many other indicators, but that does not prompt us to adopt a Pollyanna attitude — thinking we have solved all problems and are now heading in a precise manner toward the future — without the need to look to the sides and see the obstacles before us. We are aware of those difficulties. We know we must beat inflation. On this matter, we also have accurate information from the Central Bank of Venezuela that the index rates have in general been smaller than had been forecast based on the analysis of our economic situation.

We are blazing trails. The achievement .... [pauses] Through joint ventures on petrochemicals, we hope that in the not-too-distant future we may have a similar experience with our mining resources. I believe that a new mining development law, such as the one the legislative chambers are considering, creates the possibility for mines to cease being huge moneymakers just for their owners, and become, based on our experience with petrochemicals, an effective and real source of income. Thus — while recognizing the aspirations of investors — it will be acknowledged that the state represents a population with fundamental rights on those reserves.

We remain steadfast in our search for greater efficiency for our social programs and ... [pauses] I know the National Congress is 100 percent in agreement with this conviction. We look at the horizon with hope. This hope is becoming increasingly based on the facts. The main facts are the consultation talks.

Messrs. Senators and Deputies, the executive appreciates and values what the Congress' willingness to hold talks means and is convinced that we can provide, as a result of this dialogue, the solutions the country needs. We are also convinced that the country is prepared to meet this challenge, with each person taking on his share of sacrifice and with the strong determination to overcome this period and succeed in a firm and definite manner in achieving the stabilization and reactivation of our economy. Again, I thank you on behalf of the national government. Messrs. Presidents and Vice Presidents of the legislative chambers, thank you very much. [applause]

Venezuelan Protection Fund Unable To Repay Depositors

PA2801122896 Caracas Venezolana de Television Network in Spanish 1545 GMT 26 Jan 96

[Report by Fernando Porte]

[FBIS Translated Excerpt] When questioned by the Finance Commission of the Chamber of Deputies, Fogade [Deposit Guarantee and Banking Protection Fund] President Esther de Margulis said this organization will not pay depositors without a public credit law. The Finance Commission invited De Margulis to explain why some 25 billion bolivares have not yet been paid to the 7,000 depositors in the Italo, (Principal), (Profesional), and Progreso Banks. The problem dates back about a year, when all the parties involved agreed that the (?Venezuela) and Consolidado Banks would pay depositors once the banks were nationalized. However, the money has not yet been paid. De Margulis told the Finance Commission why Fogade cannot pay what it does not have. [passage omitted including indistinct De Margulis recording]

To obtain the money to pay these savings account holders and other public credit operations, the executive branch is asking Congress to approve some 200 billion bolivares for a public credit operation in which the solution to the problems of these 7,000 depositors may be found.

Venezuelan Bank To Seek Advice From IMF

PA3001001396 Caracas Venezolana de Television Network in Spanish 0200 GMT 27 Jan 96

[FBIS Translated Text] [Station announcer Antonio Jota] It is not true that the IMF is pressuring for an increase in the price of gasoline, Finance Minister Luis Raul Matos Azocar has said, adding that a mission of the Central Bank of Venezuela [BCV] will soon seek the advice of this international organization on foreign exchange matters.

[Reporter Milensky Oropeza] During the third annual assembly of the National Convergence congressional bloc, Finance Minister Luis Raul Matos Azocar has said the BCV mission will seek an understanding on the foreign exchange policy. The options to be discussed would be flexibility or the dismantling of controls:

[Begin Matos recording] For the time being, we are working on this aspect, but there are no defined positions. The BCV experts were apparently abroad and will not return until 5 February, and for that reason we had to suspend this line of work until that date. Afterward, they will leave to discuss the matter with the IMF experts. [end recording]

[Oropeza] Regarding the Brady Market, he has defined the government's action in this sector as obligatory, given that they are being used as a reference to set the price of goods and, therefore, to create a fictitious inflationary situation:

[Begin Matos recording] What we have done is not to close it, as some have said, but, rather, to establish rules of the game to have truly pristine transactions. [end recording]

[Oropeza] The minister added that there are no plans to raise the price of gasoline again until the state has a set of policies to benefit drivers and the long awaited wage hike enters into force.

Venezuelan Business, Government Figures on Minimum Wage

PA2701225596 Caracas Venezolana de Television Network in Spanish 1545 GMT 24 Jan 96

[FBIS Translated Text] Businessmen agree that the minimum wage should be raised, but only to 40,000 bolivars and without a bonus:

[Begin recording] [Jorge Serrano, president of the Venezuelan Federation of Associations and Chambers of Commerce and Industry (Fedecamaras)] We agree on raising the minimum wage to 40,000 bolivars, including the subsidy bonus payment. [end recording]

Fedecamaras President Serrano made these comments following a meeting with the National Convergence faction of Congress to discuss the social benefits issue.

Venezuelan Workers Federation [CTV] representatives insist that there are differences with regard to the modification of these regulations. This is why the proposal was not sent to Congress on 23 January as planned:

[Begin recording] [CTV Secretary General Carlos Navarro] Of course, it has elements which are closer to our proposal compared to the discussions we had two months ago. However, there is a basic observation that we made, reiterated, and want to repeat, namely that the minimum wage increase must be implemented before the discussion regarding this bill begins.

[Labor Minister Juan Nepomuceno Garrido] Inflation is the worker's worst enemy. Inflation is what has to be avoided. When Congress approves the new social benefits regulations, we will have an effective weapon against inflation. [end recording]

Venezuelan Commerce Official on Gas Price Hike

PA2701044096 Caracas Venezolana de Television Network in Spanish 1545 GMT 25 Jan 96

[FBIS Translated Text] Jorge Serrano, president of the Venezuelan Federation of Associations and Chambers of Commerce and Industry [Fedecamaras], expressed the hope that Congress will approve the social system bill today, after adjusting pending details with the Venezuelan Workers Confederation and the government.

[Begin Serrano recording] The new system will generate more job opportunities, as well as promote Venezuelan and foreign investments. This will be possible together with the economic program and the opening of the petroleum industry. If these three conditions are present, the country will be on its way to solving the unemployment and inflation problems. Moreover, we will be able to transform Venezuela into the country it deserves to be. [end recording]

Serrano made this statement during the segment "Opinion of the News" newscast [Opinion de la Noticia].

Furthermore, he supported the IMF proposal to increase gas prices. Nevertheless, Serrano opposes the creation of new taxes, as this increase in gas prices will provide the government additional resources.

Venezuelan Decree 'Critically Affects' Products

PA2701160896 Caracas Venezolana de Television Network in Spanish 0200 GMT 23 Jan 96

[Report by Maria Lissette Ramos and Zayda Pereira]

[FBIS Translated Text] The industrial sector believes that Decree 895 is inconvenient and discriminatory, because it critically affects Venezuelan products, so it must be abolished, stated Jose Vegas Chumaceiro, chairman of the Caracas Chamber of Industrialists.

[Pereira] The first complaint is that only staples will receive dollars at the 290 bolivares exchange rate, while the rest of the production sector will be guaranteed only 30 percent of their requests in cash and the balance will be received with a delay of between three and six months; thus, it will be difficult to calculate the final cost. This directive also limits their competition with neighboring countries, because instead of exporting our manufactured products, we import them. Regarding opportunities in the oil sector, they believe this directive will undermine our offers, because it will be cheaper to purchase the raw materials abroad:

[Begin Vegas recording] A considerable part of our raw materials is purchased at [words indistinct], so we cannot compete with other countries in the area. This directive also compels the oil industry to resort to these countries or other countries abroad, because local manufacturers simply cannot compete with other suppliers in the area under these conditions. [end recording]

[Pereira] Our trade balance with Colombia, which is favorable for us right now, will revert due to this situation, because products from that nation will be more attractive to the Venezuelan people, and the Colombians will opt to buy in other markets rather than in Venezuela.

Venezuelan Army Controls Cumana Following Disturbances

PA2701225396 Caracas EL NACIONAL in Spanish 24 Jan 96 p D8

[FBIS Translated Excerpt] Cumana is under Army and National Guard control following violent disturbances that forced businesses to close and Eastern University [UDO], the Technological University, high schools, and grade schools to suspend classes. Barricades in certain urban areas and all areas adjacent to the UDO paralyzed traffic. The protests follow threats of price hikes and a steep increase in the cost of living. No official information has been released, but estimates are that more than 200 people are under arrest. A truck carrying flour was looted opposite the Las Industrias area, near the old airport. Two trucks loaded with cooking oil and chickens were looted near the Mariscal Sucre Expressway, opposite La Llanada neighborhood, as were stalls at the municipal market between La Llanada and Brazil neighborhoods. These incidents and the presence of barricades on access roads to neighborhoods adjacent to UDO's Sucre Nucleus forced the closure of businesses in downtown Cumana and other areas. No public transportation meant plenty of workers did not show up for work at many industrial enterprises on the outskirts of Caiguire and El Penon. Three UDO buses and three from the Technological University carrying students into downtown Cumana were stopped by soldiers just before noon and sent to the parking lot at the Cazadores Battalion, in Santiago Marino Garrison, in the Sucre State capital. There was much tension in downtown Cumana and outlying areas, as clashes between demonstrators and state police had proved very violent on the evening of 22 January and all day on 23 January. Hospitals were declared under a state of emergency, but fortunately up to late yesterday afternoon there had been no reports of injuries. [passage omitted]

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